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FINANCIAL TIMES

LONDON - FRANKFURT - NEW YORK

No. 30,509

Saturday 9/Sunday 10 April 1988

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WORLD NEWS

Mayhew on bail of £500,000

David Mayhew, a leading partner in Cazenove and Co, the stockbroker, was remanded on conditional bail of £500,000 after he appeared at Bow Street magistrates court to face charges arising from the Guinness affair.

Mideast peace move

US Secretary of State George Shultz signalled a co-ordinated effort with Syria to resolve the crisis in Lebanon. Page 2

Troops destroy homes

Israeli troops blew up more homes in the Arab village of Beit in the West Bank where a 15-year-old Israeli girl died on Wednesday. Page 2

Namibia control tightened

South Africa President P W Botha tightened Pretoria's control over Namibia, increasing the powers of Pretoria's agent, the Administrator General. Page 3

Portuguese doctors strike

Portuguese doctors staged a 24-hour strike, stopping all but emergency services, for improved pay and career prospects.

Peking education protest

Peking University teachers joined students protesting at China's education system which they said was suffering from government neglect. Military leader, General Yang Sheng, was elected China's fourth president. Page 3

Tunisia locust battle

A plague of locusts which has swept across North Africa, has reached Tunisia's rich agricultural belt.

Increase in AIDS cases

The number of AIDS cases officially reported in Europe rose by 124 per cent last year, to 10,151 from 4,549 in 1986, the World Health Organisation said.

Benefits reform attack

The Bishop of Southwark, the Rt Rev Ronald Knox, criticised the government reforms in the social security system, due to come into effect on Monday.

Safety plans 'rejected'

Safety measures to avoid escalator fires, similar to the one which led to the King's Cross tragedy, had been rejected because of "cost, inertia and incompetence," counsel to the disaster inquiry said. Page 4

Merger proposal spurned

The National Association of Schoolmasters/Union of Women Teachers voted at its Blackpool conference not to open merger talks with the National Union of Teachers.

Alps victims flown home

The bodies of four schoolboys, killed after falling over a cliff during a school trip to Salzburg, were flown home to Britain.

M16 memoirs fight

The Government lost the latest round in its fight to stop publication in Scotland of the memoirs of former M16 man Anthony Cavendish. Page 5

MARKETS

DOLLAR

New York lunchtime:
DM 1.6750
FF 5.3725 (3.6225)
SF 1.3835
Y125.85
London:
DM 1.6725 (1.6785)
FF 5.3725 (3.6225)
SF 1.3825 (1.388)
Y125.5 (125.8)
Dollar index 83.1 (86.2)
Tokyo close Y125.18

US LUNCHTIME RATES

Fed Funds 6 1/8
3-month Treasury Bills:
yield: 6.2%
Long Bond: 10 1/8
yield: 8.75%

GOLD

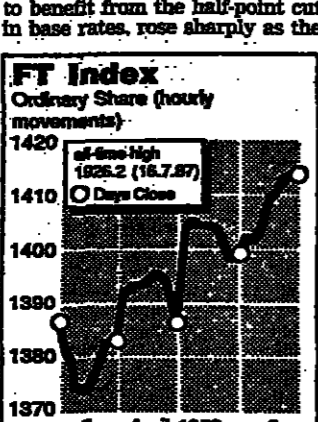
New York: Comex June
\$454.2
London: \$450.5 (448.25)

BUSINESS NEWS

Saudis signal firm stance on oil price

KING FAHD of Saudi Arabia accused fellow members of the Organisation of Petroleum Exporting Countries of weakening the price of oil by cheating on the Opec agreement.

FT Index



Easter trading account ended

The FT Ordinary Share Index ended 14 higher at 1,413.4. Markets report, Page 12

CAP Group's planned merger

with Sema-Metra of France was put in doubt when an unnamed continental group scooped 15 per cent of the UK computing services company in a dawn raid. Back Page and Lex

WORLD DEBT: A Washington-based think tank backed by commercial banks in 38 countries has strongly criticised handling of the international debt problem. Back Page

BRITISH GAS customers including the Post Office and ICI have complained to the Monopolies and Mergers Commission that the company is trying to freeze out competing suppliers. Back Page and Lex

IBM of the US is to finance all the technology linked to its new PS/2 personal computers, a move which increases the likelihood that the PS/2 will evolve into an industry-wide standard design. Page 10

LEP Group, UK transport and property company, plans to buy control of National Guardian Corporation, a US security services concern in which LEP already has a 41 per cent stake. Page 8

SPAIN is to spend \$8.4bn (£5bn) on improving its rail network over the next four years.

VOLVO, Swedish vehicles group, is investing £1.5m to boost truck production at its Irvine factory, Ayrshire. Page 5

BSN, France's leading food and drinks group, reported a profits surge of 49.4 per cent last year to FF1.55bn (£145.5m). Page 10

FIRST CHICAGO, holding company for the US banking group, doubled net income to \$14.5m (\$75.4m) in the first quarter. Page 10

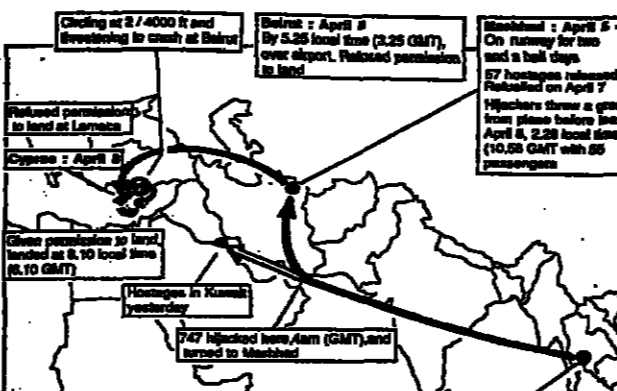
BROWN BOVERI KENT (Holdings), UK maker of industrial process controls, saw its shares drop 20 per cent to 85p after it disclosed a 34 per cent drop in pre-tax profits to \$5.2m. Turnover was down 14 per cent to £117.5m. Page 8

SOUND DIFFUSION, British electrical equipment leasing group, launched a £10m rights issue after announcing a pre-tax loss of £3.6m for 1987. Page 6

Seized Kuwaiti jet lands in Cyprus after threats by hijackers

BY ANDREW GOWERS

A HIJACKED Kuwaiti jumbo jet with up to 55 people on board landed at Larnaca airport in Cyprus last night after several Middle Eastern and European airports refused to accept it and the hijackers threatened to crash it into Beirut airport.



The Kuwait Airways Boeing 747, seized by unidentified hijackers on a flight from Bangkok to Kuwait on Tuesday, headed west to Cyprus after circling low over Beirut for several hours. It swooped over the terminal buildings as Syrian troops fired warning shots to prevent it from landing, according to agency reports.

There were also reports that a Kuwait aircraft carrying a negotiating team had asked for permission to land at Larnaca.

Yesterday's events began with the Boeing 747 - all of whose remaining passengers are believed to be Kuwaiti, including three distant relatives of the ruler, Sheikh Jaber al-Ahmed al-Sabah - on the tarmac at Mashhad. The aircraft had been refuelled the previous day after persistent efforts by Kuwaiti and Iranian officials to resolve the crisis had failed.

By early afternoon the hijackers were becoming more insistent in their demand to be allowed to leave Iran. A grenade was thrown out of the aircraft door and warning shots were fired, according to Iran's Islamic Republic News Agency, the only source of news

from Mashhad. A passenger was also reported to have been beaten.

When the Boeing was finally allowed to take off, it headed across Turkey to Beirut, where the pilot, hijackers and some passengers made increasingly desperate pleas to be allowed to land.

"We have no choice but to crash at the airport. The plane and its passengers will be blown up by the crash," one hijacker was quoted by Reuters as saying over the aircraft radio to Beirut control tower.

"The pilot said: 'Control tower, control tower... can you hear me? Kuwaiti, Kuwaiti. They are forcing me to land. We are requested to land and if we don't they will shoot us.'"

Continued on Back Page

Soviet pull-out agreement ready says UN mediator

BY WILLIAM DULLFOURCE IN GENEVA

AN AGREEMENT for withdrawal of the 115,000 Soviet troops in Afghanistan is ready to be signed in Geneva, UN mediator, said yesterday.

The signing by Afghanistan and Pakistan, with the US and the Soviet Union as guarantors, is expected to take place on Thursday, Western diplomats said.

Mr George Shultz, the US Secretary of State, and Mr Edward Shevardnadze, his Soviet counterpart, might attend.

However, in Washington Mr Howard Baker, President Reagan's Chief of Staff, said the US and only conditionally agreed to become a guarantor.

"The chances are good that we will go forward as guarantors, but I think it is prudent... to see the fine print," he said.

"After we've had a chance to examine the text of the agreement and heard formally from the Soviet Union, we will decide if all the conditions have been met for us to continue and to

participate as a guarantor."

Mr Mikhail Gorbachev, the Soviet leader, said on Thursday that if the signing went ahead Soviet forces could start pulling out on May 15. He was speaking after meeting Afghan President Najibullah in Tashkent, Soviet central Asia.

Under the agreement Moscow would have to remove half its forces in the first three months and the rest within nine months.

What appeared to be the last obstacle was removed when Mr Abdul Wali, the Afghan Foreign Minister, agreed to drop his objections to the disputed Afghan-Pakistan border being described as "internationally recognised."

Some concern remains about the likelihood of the agreement bringing peace. Mr Cordovez himself described it as "not perfect" but said it reflected "the reality of the situation."

It was recognised that a comprehensive settlement could best be ensured by a broad-based

Afghan government, Mr Cordovez said in a statement authorised by four countries.

Prospects for a reconciliation between the Soviet-backed regime in Kabul and the Mujahideen resistance, which has been fighting the Soviet forces for nine years, seem remote. Mujahideen leaders in Pakistan have already denounced the deal.

Another problem could emerge from the compromise between the US and the Soviet Union over future military aid.

US officials believe the US will be allowed to continue supporting the Mujahideen at a level matching any continued Soviet support for the Kabul regime.

Four documents are ready for signature. The first stipulates non-interference in internal affairs. The second provides for the return of some refugees in Pakistan and Iran. The US and Soviet Union undertake to guarantee the accord in a third document, while a fourth gives the timetable for withdrawal.

Details, Page 3

Tate & Lyle launches US bid

BY CLAY HARRIS

TATE & LYLE, the UK sugar manufacturer which accounts for about one-third of Staley's profits.

This business, which Staley bought in 1984 after a bidding war with Kraft, had only a minimal fit with corn refining and there would be no shortage of likely buyers, Tate said.

The disposal would also be necessary because Tate is financing only \$200m of the bid through a rights issue of convertible preference shares. The rest of the cost is to be met by \$1.2bn in loans guaranteed by Chase Manhattan Bank, although Tate is trying to line up its own, cheaper funds.

The partly-paid nature of the rights issue - Tate will raise only \$64m if the Staley offer fails to go through - cushioned the effect on Tate's share price. It closed only 9p lower at 74p yesterday, after an 18p fall on Thursday.

Tate said a successful acquisition would make it the only producer in the US to offer corn

sweeteners as well as cane and beet sugars. Its share of the US sweetener market would rise to 15 per cent from 6 per cent.

Staley accounts for 85 per cent of the \$1bn US market for high fructose corn syrup, which is used to sweeten food and soft drinks.

Tate's offer values Staley's common stock at \$97m; a parallel offer for preference shares accounts for the rest of the purchase price.

In the rights issue, Tate shareholders are to be offered convertible preference stock at par on the basis of three \$1 units for each ordinary share. The first instalment is 30p, due on May 24. The second 70p tranche, due on September 28, will be cancelled if the bid does not succeed.

Tate is advised by Kleinwort Benson and S.G. Warburg in the UK and Morgan Stanley in New York.

Background, Page 8; Lex, back page

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Base rates cut to 8% in attempt to stem rise of £

BY SIMON HOLBERTON AND DAVID BARCHARD

BRITAIN'S leading banks yesterday lowered their base lending rates by 0.5 percentage points to 8 per cent. The banks took their lead from Mr Nigel Lawson, the Chancellor, who was making his second attempt in less than a month to stem the rise in sterling.

The reduction in base rates surprised the currency markets. It takes bank interest rates to their lowest level for 10 years and paves the way for a cut in home borrowing costs.

Halifax Building Society, Britain's largest, said it would cut its rates on existing mortgages from 10.3 per cent to at least 9.8 per cent on May 1. Abbey National, the second biggest, said it would also make its mortgages cheaper than, though it had not decided by how much.

The aim of the Halifax's mortgage rate reduction on March 30 was to regain the initiative from the mortgage companies.

The latest base rate cut has made this much harder.

It followed Thursday's attempt by the Bank of England and West Germany's Bundesbank to force the pound down by selling sterling. That had failed to change market sentiment, as had a similar attempt on Tuesday by the Bank and the US Federal Reserve, the American central bank.

The official Treasury explanation for yesterday's cut in interest rates was that the appreciation in the pound since the authorities' last lowered rates - again by 1/2 a point - on March 18, represented a further tightening in monetary policy. This needed to be offset by lower interest rates to maintain the status quo.

The Treasury also reiterated Mr Lawson's view that the current level of the pound would be unsustainable and therefore a cut in interest rates was necessary to dampen down the market.

Privately officials conceded they would prefer base rates to be higher and the exchange rate to be lower than currently. The boost to spending from the Budget and now from lower mortgage costs is of concern, given the deteriorating trend in Britain's balance of payments.

In the currency markets there were large doubts as to whether the reduction in base rates would change the traders' view of the pound.

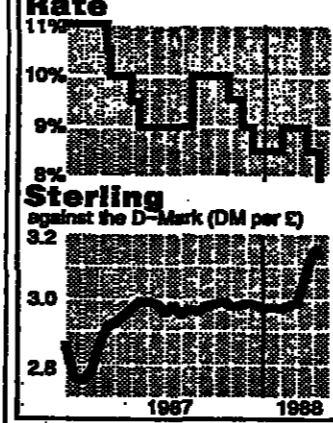
A half-point cut was not seen as being big enough to deter the major players in the currency markets. There was also a general feeling that, with UK interest rates still high relative to interest rates in other major money centres, there would be a continuing and natural demand for sterling.

Sterling fell sharply on the announcement of the cut, but by the close of trading it had recouped most of its losses against the D-Mark and ended higher against the dollar.

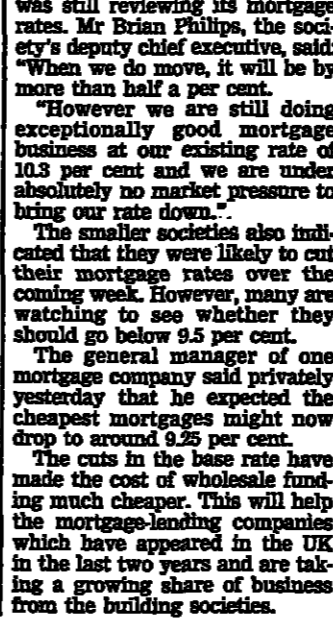
UK financial markets were neutral to optimistic after the move. The base rate cuts were seen as positive for British industry, and the threat to the earnings of companies with exposure abroad was seen to diminish. The FT-SE 100 Share Index closed 18.7 points higher at 1,779.7 and the FT Ordinary Share Index closed 14 up at 1,413.4.

News analysis, Page 4; Leader, Page 6; Lex, Back Page; Money markets, II-III

UK Banks' Base Rate



Sterling



WEEKEND FT



THE NEW GYPSIES

Christian Tyler examines the lifestyles and the ideals of the British version of migrant workers: the ultra long-distance commuter. Page I

FINANCE

Implications of the Financial Services Act, plus the latest on the Great Investment Race. Pages V and IV

HI - FI

Seeking a music system with a note of perfection... and a price to match. Page IX

WINE

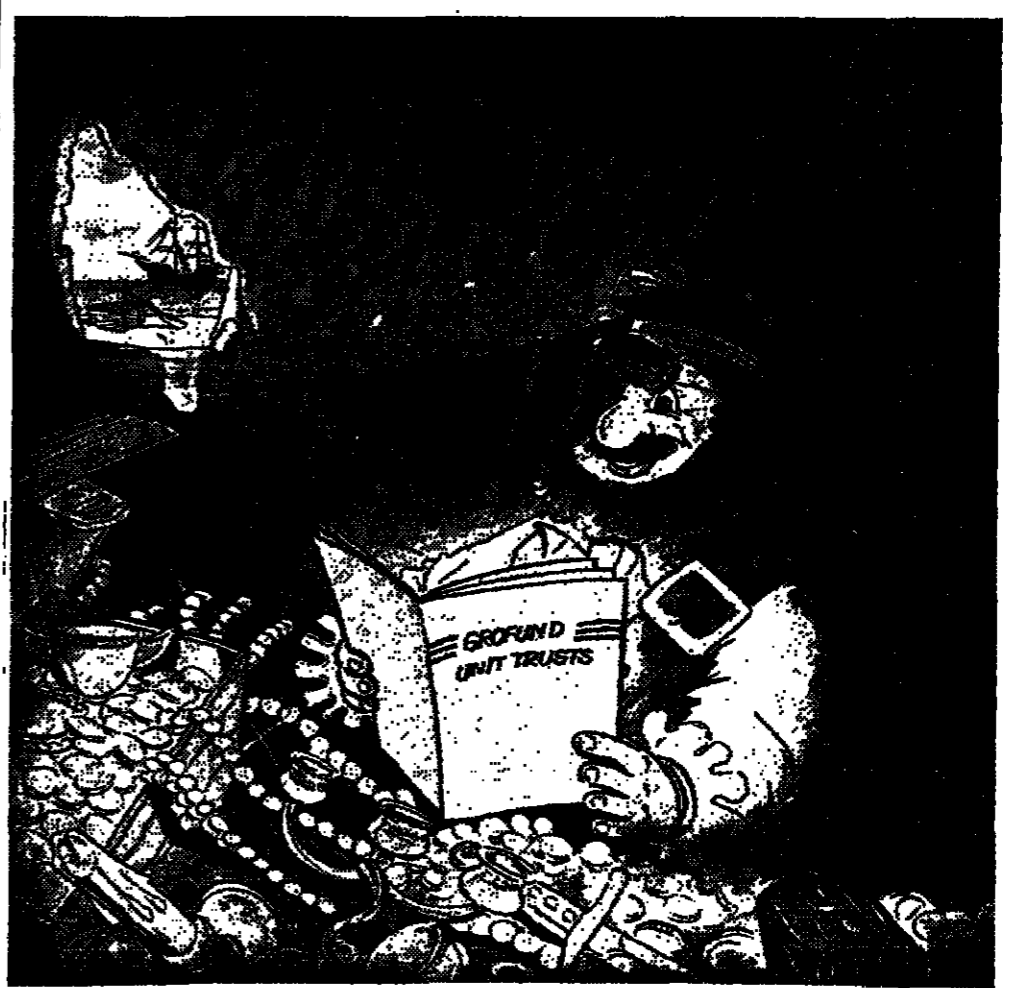
The prospects for the 1987 Bordeaux vintage. Page XVIII

ARTS

Clement Crisp visits Leningrad, home of the Kirov ballet company. Page XXI

TRAVEL

The dangers facing the Amazon swamplands. Page X



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OVERSEAS NEWS

GIRL'S DEATH BRINGS RETALIATION

Israeli soldiers blow up more Palestinian homes

BY ANDREW WHITLEY IN JERUSALEM

ISRAELI troops yesterday blew up another five homes in the small Arab village of Beita in the occupied West Bank where an Israeli girl died on Wednesday.

As the repercussions of the 15-year-old Thira Forat murder yesterday cast further confusion on the murky circumstances of her death.

settlement of Elon Moreh on a walk. The 36-year-old settler, Mr Romam Alkubi, is critically ill in hospital after being severely beaten by Beita residents.



Palestinian girls try to stop Israeli troops arresting a friend during a women's demonstration after Friday prayers yesterday in Kamallah on the West Bank

Shultz signals joint peace effort with Syria on Lebanon

BY ANDREW GOWERS AND STEWART FLEMING

MR GEORGE Shultz, the US Secretary of State, yesterday added to his current flurry of activity in the Middle East by signalling a co-ordinated effort with Syria to end the factional strife in Lebanon.

On his way back to Washington from Amman, Mr Shultz made a surprise stop in Cyprus for an hour-long meeting with Lebanese President Amin Gemayel on possible constitutional changes before presidential elections scheduled for August.

He told reporters travelling with him that US and Syria were discussing written proposals for power sharing arrangements, paying special attention to what he called "minority rights".

The meeting followed recent discussions in Damascus between Mr Shultz and Syrian President Hafez al-Assad, which the US Secretary said yesterday had gone "quite well".

Mr Shultz told CBS television yesterday that the US had been working with President Gemayel and with Syria to develop "a different constitutional role in Lebanon which might lead to a more stable government."

"What people have been struggling for, and we have tried to help, is a different constitutional arrangement that looks at the relative powers of the presidency as such, and the different groups... and then as the phrase goes 'de-confessionalising' some of the administrative apparatus," the Secretary said.

This was a reference to the long-standing arrangement between Lebanon's patchwork quilt of sectarian groups whereby the presidency goes to a Maronite Christian, the premiership to a Sunni Moslem and the parliament speaker's job to a Shia.

Mr Shultz said the aim was to break this down and thus "to try to create through constitutional rearrangements a greater sense of a national Lebanon".

Some diplomatic observers are puzzled that the Secretary of State, who already has more than enough trouble on his hands with the Middle East peace plan, should also be devoting time to trying to resolve what many have dismissed as an intractable conflict.

However, the fact that Washington is again paying attention to Lebanon goes a long way towards explaining its marked rapprochement with Damascus in recent months.

Our Foreign Staff adds: A ceasefire between the rival Shia factions appeared to be taking hold yesterday, following reported mediation by the Iranian embassy.

Shultz sees snail's pace progress on Mid-East peace

MR George Shultz, the US Secretary of State, left the Middle East yesterday saying that progress he had made towards reviving peace efforts should be measured in inches, not in feet, yards or miles.

But even Mr Shultz's own modest assessment of his achievements appears optimistic.

He departed for Washington without enlisting the active support of key players in the region for his peace plan, which calls for an international Middle East peace conference, accelerated self-rule for Palestinians in the West Bank and Gaza Strip, and negotiations on the territories' "final status" within a specified time.

A bitterly divided Israeli coalition is unable to engage in a relevant peace effort. Arab moderates have no incentives to take the risks that would be necessary to participate in such an exercise.

Mr Shultz said that Ambassador Wat Cluverius, one of his senior assistants, would remain in the Middle East to try to advance his peace initiative. But it is hard to see what further steps the US might take to push forward what is widely regarded as a deeply flawed plan introduced at an inauspicious moment in the history of the Arab-Israeli conflict.

The plan has effectively fallen into the deep chasm that separates, on the one hand, Israeli security concerns and nationalist imperatives that would make it difficult for any government in Jerusalem to yield territory, and, on the other hand, Palestinian demand for recognition of their "legitimate rights".

Regional responses - flouted by observers in Amman to a "slow bicycle race" with neither side willing to be blamed for the failure of the Shultz initiative - have been more geared to domestic political concerns such as the forthcoming election in Israel than to a genuine attempt to seek areas of compromise.

On the Arab side, King Hussein of Jordan was constrained by resolutions of a recent Arab League summit held under his auspices in Amman, which stymied any partial solution to the Arab-Israeli conflict and demanded a Palestinian presence at any international peace gathering.

King Hussein, who early in 1986 brusquely abrogated a joint initiative with Mr Yasser Arafat and expelled many of his representatives from Amman, accusing him of being an unreliable partner in the search for peace, is now urging the PLO chairman to come to Jordan to talk about strategy.

Jordan, 60 per cent of whose population is of Palestinian origin, is concerned about possible domestic impact of the persistent demonstrations in the Occupied Territories. In Amman this week there have been at least two demonstrations in support of the uprising or *intifada* and against the Shultz visit.

A number of activists have been detained by the Jordanians in recent months, a sign that the local authorities are worried about Palestinian agitation getting out of control. Memories of bloody conflict in September 1970 between King Hussein's Bedouin legions and Palestinians - in which thousands died - are still fresh.

Jordan yesterday made a significant gesture to Palestinian sensitivities, soon after Mr Shultz's departure. Mr Zaid Rihai, the Prime Minister, released the text of a letter from King Hussein to Mr Shultz, stating emphatically that Jordan would not depend on the Palestinians in any peace talks.

Mr Shultz has shown considerable patience in his recent Middle East talks. But apparent US reluctance to exert real pressure on Israel, at a time when world opinion is almost unanimous in its criticism of methods being used to quell the Palestinian uprising, has left the Arabs wondering under what circumstances Washington would be prepared to use its special relationship with the Jewish state to extract concessions.

In Amman, certainly, scepticism about American motives remains intense. Mr Shultz tried yesterday to argue that his initiative was still alive. "Everyone wants us to continue," he observed. "I leave the region, but I don't leave the initiative... the road ahead is tough, but we will travel it."

That observation might be plausible if Mr Shultz could persuade the sceptics that he knew where he was going.

US soft-soap helps strengthen Israeli right

Andrew Whitley on how Shultz made the occupied territories into an election issue to the advantage of Likud

MR SHIMON Peres, Israel's Foreign Minister, must be feeling pretty down in the dumps. Mr George Shultz, the US Secretary of State, whose peace initiative was supposed to rescue Israel from its dreadful quandary over the occupied territories, has come and gone for the third time with little to show for his efforts.

The "Jordanian option" so assiduously pursued for the past 20 years by Mr Peres's Labour Party seems to be disappearing fast.

In addition, the worsening violence in the West Bank and Gaza Strip has both radicalised opinion among Palestinians and given the Israeli electorate a hefty push towards the right - into the waiting arms of the Likud Prime Minister Yitzhak Shamir.

In Mr Shamir's camp, the relief is palpable. Seen from there, the best possible outcome has transpired: Mr Shultz and his peace plan have been (politely) seen off, and Israel's vital interests have suffered no perceptible damage in consequence.

There may have been some mild, indirect criticism of Mr Shamir's intransigence, but the expected head-on confrontation never materialised. If Mr Shultz had a draft invitation to an international conference in his pocket, it was never put on the table.

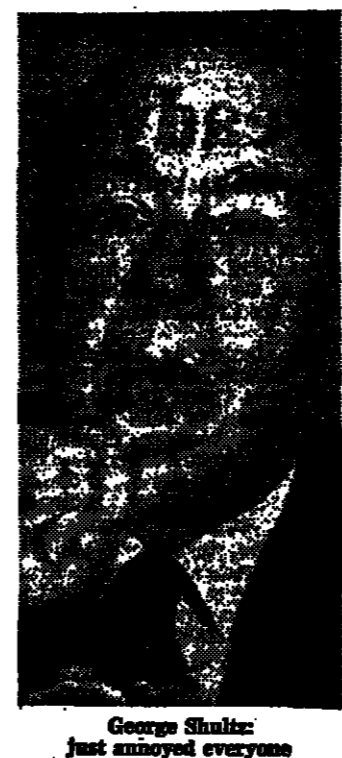
Best of all, the prize long sought by the Likud leader - a Memorandum of Understanding enshrining all the various accords Israel has signed with the US in the political, military and economic fields over the past five years - is on the verge of becoming reality. No public announcement has yet been made, and it is still possible that the State Department will delay its conclusion so as to retain a lever over Mr Shamir.

However, on present plans, a simultaneous signing of the document in Jerusalem and Washington by the two heads of government, in a live televised ceremony, is intended to be a showpiece of Israel's 40th anniversary celebrations in 12 days.

The US Secretary of State clearly believes that twisting Mr Shamir's arm is futile, and might even increase the chance of an early and successful rush to the polls by Likud.

Hence the soft-soap approach which has so frustrated Labour and created the absurd scene in which one half of the coalition government was urging an outside power to put pressure on the other half.

Mr Shultz did not take the approach adopted by former President Richard Nixon in December 1973. Mr Nixon told the late Mrs Golda Meir that US aid would be at risk if Israel did not attend the planned international conference in Geneva. Israel only showed up. His tactic instead was to calm and soothe, placating Israeli fears about taking any step backwards towards the Mediterranean.



George Shultz: just annoyed everyone

George Graham finds morale low in the UDF candidate's camp

None but the faithful rally to Barre

IT IS RAINING hard in Clermont-Ferrand, but the party faithful have turned out in strength to listen to Mr Raymond Barre, their candidate in the French presidential election in two weeks.

For this is the Auvergne, a mountainous region of central France, home of the Michelin tyre and Cantal cheese. It is also political heartland for the UDF, the centre-right grouping which backs Mr Barre in the race for the presidency.

After failing to the credits of despondency last week, the Barre campaign has taken heart again, encouraged by the candidate's solid performance in a widely watched two-hour television interview on Tuesday. Some 2,500 supporters braved the rain and the mud to listen to him in the blue and white striped marquee in Clermont-Ferrand.

Mr Barre, at any rate, is still playing the game. He reserves all his attacks in Clermont-Ferrand for Mr Mitterrand's "rigid intransigence, veiled socialism and constant improvisation" and restrains himself from hitting out at Mr Chirac, whom he must beat in the first round if he is to be the right's champion in the second round.

His Auvergnat supporters, after the Clermont-Ferrand rally, declare themselves "full of hope" for the first round, but, cautiously, many say the main priority is to ensure that the right beats Mr Mitterrand.

Even Mr Barre's campaign staff are no longer placing bets. "The morale is on the way up again, but we needed that, because last week we were really discouraged. Still, I won't discourage you any odds," remarked one campaigner.

the support of the party's moguls has at times been little more than lukewarm.

It shows in Clermont-Ferrand, where Mr Francois Leotard, leader of the Republican Party, one of the UDF's main components, goes out of his way to compliment Mr Barre's RPR rival in his warm-up speech. Political observers present feel that Mr Leotard, who at one point hoped to run for the presidency himself, does not exceed the bare minimum of enthusiasm for Mr Barre required by decency.

It shows even more clearly, however, in the attitude of former President Valéry Giscard d'Estaing.

The Auvergnats may be UDF territory, but it is above all the Giscard political fief. And Mr Giscard may be the founder and one of the leading lights of the UDF, but he has resolutely refused to support either Mr Barre or Mr Chirac, both of whom served as Prime Minister under him.

The meeting in Clermont-Ferrand is carefully stage-managed to ensure identical treatment for Mr Barre and Mr Chirac - although some clock-watchers claim that Mr Barre's 42-minute private chat

Spain and Norway in gas deal

BY MAX WILKINSON, RESOURCES EDITOR

SPAIN'S state-owned gas company, Empresa Nacional de Gas, yesterday signed a 30-year agreement for supply of natural gas from Norway's Troll field, one of the world's largest.

The agreement with the consortium exploiting the field is worth \$4bn at current prices, Enagas said in a statement, but the figure could be substantially larger if, as expected, gas prices rise in the long term.

The Troll field is due on stream from 1988. It has recoverable reserves estimated at 1.3 trillion cubic metres projected to last at least 60 years.

Enagas said supplies to Spain would gradually increase from the start of the contract, rising to a third of total Spanish natural gas imports from the year 2005.

The company said it expected to open negotiations for supply of natural gas from other Norwegian fields from 1992. Algeria would continue to be Spain's main supplier, providing about half Spain's yearly consumption. The rest comes from Libya and from small national fields.

The Spanish and Austrian deals are important to Norway to improve the profitability of the project, which was designed with spare capacity from the outset. The companies developing the field are Royal Dutch/Shell operator for the construction phase,

lowering agreement with a consortium of continental buyers which enabled the development project to go ahead.

Under this agreement, valued at perhaps \$60bn in current terms, West Germany is to take 8m cubic metres a year, France will take 6m, with Holland and Belgium each taking 2m. Negotiations are continuing with Austria to take a similar amount of gas to Spain. However, there have been difficulties with Bulgaria of West Germany in agreeing terms for the carriage of gas to Austria.

The Spanish and Austrian deals are important to Norway to improve the profitability of the project, which was designed with spare capacity from the outset. The companies developing the field are Royal Dutch/Shell operator for the construction phase,

rather than damage workers' purchasing power. They intend to mount a fight through Congress, while officials in the provinces organise a series of protests, likely to culminate in a general strike.

Government revenues had fallen from 25 per cent of gross domestic product (GDP) to 20 per cent since 1970. In the interim pressure on the Treasury from foreign debt interest commitments had reduced disposable resources from 17 per cent to 9 per cent of GDP - leaving inadequate sums to meet the salaries bill.

"For the first time the government faces a situation of negative saving," he said. "This cannot continue without provoking hyperinflation that would hit the poorest least privileged classes."

The package, which hits all public servants, from federal employees to military personnel, is aimed at reducing the government's wages bill from \$2.5bn to \$1.8bn.

Business leaders broadly welcomed the move, though several have argued that more steps must be taken to eliminate subsidies and incentives and to axe or privatise government companies and agencies.

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Students stage anti-US protest in Honduras

By Our Foreign Staff

MORE THAN 1,000 university students tried to set fire to the US Embassy in Tegucigalpa in the largest and most violent anti-US protest Honduras has seen.

At least one woman died and several people were wounded in the demonstration, held on Thursday night in protest at the extradition of suspected drug baron Mr Juan Ramon Matia to the US.

Rioters tried to throw burning torches through the embassy windows and burned embassy cars, chanting that Mr Matia's arrest earlier this week was illegal. Embassy guards retaliated with tear-gas and gunfire.

Mr Matia, now in a US prison, is wanted for questioning on the murder of a US drug agent in Mexico two years ago.

The protesters were also demonstrating against last month's dispatch of US troops to Honduras.

FINANCIAL TIMES

Published by the Financial Times (Group) Ltd, 10, Abchurch Lane, London EC4N 3DF. Registered in England. No. 2709083. Editor: G.D. Owen. Managing Director: G.D. Owen. Chairman: G.D. Owen. Secretary: G.D. Owen. Treasurer: G.D. Owen. General Manager: G.D. Owen. Circulation: 1,000,000. Price: 10p. Subscription rates: £345.00 per annum. Second-class postage paid at New York, NY and at additional mailing offices. POSTMASTER: send address changes in FINANCIAL TIMES, 41 East 68th Street, New York, NY 10022.

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Battle of nerves over Flight KU422

BY ANDREW GOWERS, MIDDLE EAST EDITOR

LARNACA airport last night looked like becoming the unlikely and reluctant host to a tense and possibly lethal battle of nerves with which the Cyprus Government would like as little to do as possible.

It is not the first time that Cyprus has been drawn into the fratricidal politics of a region to which it does not really belong. The Mediterranean island has in recent years been the scene of a number of terrorist outrages involving Palestinians and Israelis.

There have been shootings, bombings, and earlier this year there was the bomb attack - widely blamed on Israel's Mossad intelligence service - on the Palestine Liberation Organisation's self-proclaimed "ship of return" which was supposed to take a gathering of refugees back to Israel.

On this occasion, the stakes are a good deal higher. The immediate protagonists are a group of unidentified but certainly Arab militants demanding the release of 17 prisoners from a Kuwaiti jail, and the Kuwaiti Government, which has in the past refused to countenance any such concessions.

Not too far in the background, though, is the continuing campaign of the Gulf war and Iran's increasingly troublesome campaign of harassment against the tiny and vulnerable Gulf emirate, which it hedges as Iraq's chief regional supporter in the conflict. Also thinly disguised in the

current crisis is the appalling civil strife across the water from Cyprus in Lebanon pitting Moslems against Christians, Sunnis against Shias, and in the last week even Shias against Shias.

Lebanese Shias are widely believed to be among those involved in this hijacking. Their most radical political movement, a sprawling collection of groups gathered under the umbrella of Hizbollah (the party of God), is sponsored by Iran and allied with the Shia opposition al-Daawa Party in Iraq.

Never has the Lebanese melting pot into which Iran has exported its revolution - and in which the twin crises of the Gulf and the Arab-Israeli conflict converge - seemed so potentially deadly. It is no small irony that Larnaca was also the scene yesterday of the latest and probably foremost US effort to resolve the problems of Lebanon.

Whether Iran is directly implicated in this latest hijacking of Kuwaiti Air Flight KU422 is impossible to say, but it is certain that the Tehran authorities sympathise with the hijackers' demand for the release of the prisoners in Kuwait. It is also convenient, to say the least, for Iran that the agony is now being played out away from their territory and that the hostages are now, apparently almost all Kuwaiti, following the release of 57 passengers and crew of other nationalities earlier in the week.

This is the way that revolutionary Iran has always liked to exert its pressure on others: at arm's length and through proxies. To have to deal with the hijacking itself, at a time when it is struggling to maintain its lines to the West, was awkward indeed.

Iranian pressure on Kuwait has for several years been intense. Iran is widely believed to have been behind the militants who bombed the French and US embassies in Kuwait in 1983, and the attempt on the Emir's life



Freed British hostages Mark Appleby and his sister Nicola, of Bristol, arriving at Heathrow

and from the second half of 1986, there have been more overt rattlings of the sabre against the emirate, with a series of raids on Kuwaiti oil tankers, more bombings, Silksworm missile attacks on Kuwait territory and oil installations, and only last week a curious incident when Kuwait alleged that Iranian gunboats fired at military installations on its Bahayan Island.

These probes, though always short of a frontal assault, have caused periodic fits of nerves in Kuwait. They encouraged it to seek the protection of the US flag

(and Navy) for half its tanker fleet last year and to move towards closer co-operation with Saudi Arabia and Egypt. But they did not cause official wavering either in Kuwait's support for its other powerful and potentially hostile neighbour, Iraq, or any deviation from the line on the 17 prisoners.

Although there were reports last night that a Kuwaiti negotiating team was about to arrive in Larnaca, it seems unlikely that this hijacking will yield much more of a dividend for Iran and its Arab proteges.

Violent path to hijacking

THIS week's hijacking is the latest in a series of incidents following the jailing of 17 Al Daawa bombers.

December 12, 1985: six bombs in Kuwait (two at US and French embassies) kill four and injure 50. Seventeen Shi'ite members of Al-Daawa are tried and jailed.

December 4 1984: five Arabs hijack Kuwaiti airliner, demand release of the Shi'ites held in Kuwait, order plane to Tehran; kill two US hostages. Five days later Iranian troops storm aircraft, capture hijackers, free hostages.

March 1, 1983: Iraqi diplomat shot in Kuwait by group believed to act for Al-Daawa.

May 25, 1983: Islamic Jihad claims responsibility for attempt to assassinate Emir of Kuwait when suicide car bomb is driven into Emir's motorcade.

July 11, 1983: bombing attacks on cafes in Kuwait; Arab Revolutionary Brigades claims responsibility.

June 14, 1982: Hijackers of Athens-Rome TWA flight with 145 passengers demand release of 700 Lebanese Shi'ites held by Israel, and Shi'ites held in Kuwait; they kill a US serviceman; Shi'ite leader Hashib Berri leads negotiations for 42 remaining hostages, who are moved to secret locations in Beirut; last 39 hostages released in Beirut after intense negotiations involving Syria's President Assad.

November 23, 1982: Egyptian airliner hijacked, lands in Malta; as hijackers begin shooting passengers, Egyptian commandos storm aircraft, 60 killed.

May 22, 1987: Bombing at Al-Ahmedi oil storage depot blamed on Shi'ites.

No sure remedy for 'aviation's disease'

BY ANDREW MARSHALL

HIJACKING has been called "aviation's disease". Though tightening security measures can lessen the chance of successful seizure of aircraft, it is accepted in the industry that the risk can never be totally eliminated. Aircraft are vulnerable targets packed with potential hostages.

The incidence of hijacking has come down from its peak in the early 1970s, and has been reduced sharply since 1985, when a series of bloody outrages shocked travellers, governments and airlines alike. Tighter security, including body searches and baggage scanners have become commonplace at most airports.

There is no substitute for security precautions before the hijacker boards the aircraft. But these have been circumvented, either through using bribed ground staff or taking advantage of lax security at certain airports.

The hijacking of a TWA airliner in 1985, when arms were allegedly smuggled aboard at Athens airport, demonstrated graphically that a security network is only as strong as its weakest point.

New all-plastic weapons threaten to undermine further the security accorded by baggage scanners. But ironically, one of the two hijackings of note last year was committed by a young man without any weapon. Apart from non-existent bombs, amongst the implements success-

fully used have been razor blades, a can opener and at least one innocent whisky bottle.

Better security in the air has often been advanced as a way of coping with the threat; but the idea of carrying armed Sky Marshals in aircraft, once seriously mooted, has never really taken off, largely because of the potential risk for bloody exchanges of fire in cramped areas.

However, hidden "eye in the sky" cameras are installed in some aircraft to assist outside security and negotiating personnel.

The world's elite anti-terrorist forces have sharpened their skills at dealing with aircraft once on the ground, though the risks of this strategy became clear in November 1985 in Malta, when Egyptian commandos stormed an airliner on the ground, killing 50 passengers.

Passengers can even take out insurance cover against becoming the victim of a hijacking, offered by the International Airline Passengers Association through a plan drawn up by Control Risks, the private security consultant.

The International Air Transport Association monitors the incidence of air incidents and regularly conducts its own private security surveys of airports. But while it can exert moral pressure on airlines and airports to tighten security, it has no executive power.

Afghan formula offers everything except peace

THE SOVIET army should start withdrawing from Afghanistan on May 15 after the announcement in Geneva yesterday by Mr Diego Cordovez, the UN mediator, of the completion of a four-point agreement.

That represents an important diplomatic accomplishment for the UN, a political success for the US and a victory for the Afghan Mujahideen resistance.

However, the agreement will not bring peace to the 65m Afghans, who have already suffered some 1m deaths in nine years of Soviet occupation. It implies no more than superpower disengagement from the internal conflict.

Furthermore, it also contains nothing which keeps the way open for renewed outside involvement in Afghanistan and for increased, rather than decreased, tension in the region.

Mr Cordovez himself yesterday termed the agreement imperfect. A senior US official described the result as "messier than we had hoped" but underscored its virtue in "getting the Soviets out of Afghanistan".

The Russians want to go. Mr Mikhail Gorbachev signalled the change in Soviet policy as far back as February, 1986, when he told the 27th congress of the Soviet Communist Party that Afghanistan was a "bleeding wound".

For the US and Pakistan, which shelters some 2m Afghan refugees and Mujahideen guerrilla forces, the advantage of having an agreement in Geneva is that it sets a firm timetable for

The pact implies no more than superpower disengagement from the internal conflict, writes Will Duffforce

government-to-government assistance agreement, such as that existing between it and the Najibullah regime in Kabul, could not be publicly equated with US backing for guerrillas.

A solution was found in US Secretary of State Mr George Shultz's crudely dubbed "positive asymmetry" proposal, apparently accepted by Mr Gorbachev after his meeting with Mr Najibullah in Tashkent on Wednesday.

It is the ambiguities of positive symmetry that flow the Geneva agreement. Under it both superpowers would retain the right to continue aid to their partners but also voluntarily to suspend it.

US officials say that on the signing of the agreement Washington will state separately that it will halt its aid to the Mujahideen but reserves the right to match Soviet deliveries to Kabul, should they continue.

This is explained as putting the ball in the Soviet court but US officials expect Moscow to play ball.

One US official said: "We have acquired sufficient understanding of each other's intentions (in Afghanistan), to sign the (Geneva) agreement and then adjust our actions according to how the other acts. We shall exercise restraint, if they exercise restraint."

The UN mediator has been given to understand that this means in practice that both sides will stop aid after signing the agreement. Clearly, though, the heavy mutual US-Soviet arrangement over military aid is a shaky foundation on which to implement the agreement.

The arrangement could bias a hole through the agreement. The US would have to channel its matching supplies to the Mujahideen through Pakistan. But, under the terms of the agreement Pakistan will commit itself not to interfere in Afghanistan's internal affairs.

Senator Gordon Humphrey, chairman of the bi-partisan coalition on Afghanistan in the US Congress, has already said that the Soviet Union could be cleverly switching the onus of guilt over Afghanistan from itself to Pakistan.

Congress does not have to ratify the Geneva agreement but US President Ronald Reagan could still run into considerable hostility towards it.

Objectively seen, the success of the Geneva agreement depends on the Soviet Union and the US interpreting it in the same manner, and keeping faith with their arrangement over future military aid.

Cynically seen, the superpowers are leaving it to their respective allies to decide by arms who shall govern Afghanistan. Each has done its best to give its partner a good starting point before the signing of the Geneva agreement.

US intelligence says there has been a substantial flow of Soviet military supplies to Kabul in recent weeks. Senator Humphrey, returning from Pakistan, this week, said the tonnage of US aid to the Mujahideen was at record levels.

The Soviet troops may soon be on their way out but peace is still a long way off for the Afghan people.



Afghanistan's Najibullah: agreement with Gorbachev

The Soviet pullout. This would not have been the case, had the Soviets been left to withdraw unilaterally.

The "messiness" of the agreement lies in its dependence on a separate understanding between the superpowers on military aid to their respective allies in Afghanistan. The US backs the Mujahideen and Moscow the communist regime in Kabul.

After Washington and Moscow had persuaded the Pakistani Government to drop its insistence on having a coalition government in place in Afghanistan before it signed, the question of continued US and Soviet military aid was the only big remaining obstacle to reaching agreement in Geneva.

Mr Edward Shevardnadze, the Soviet Foreign Minister, rejected a US suggestion that both superpowers impose a moratorium on aid during the nine months of Soviet withdrawal and for three months afterwards. This became known as the "negative symmetry" solution.

Moscow's argument was that a

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UK NEWS

Lawson attacks Brussels plans to standardise VAT

BY RALPH ATKINS

MR NIGEL LAWSON, the Chancellor, last night launched a thinly disguised attack on European Commission proposals to standardise rates of Value Added Tax in European Community countries.

He described arguments that VAT harmonisation was necessary for plans to create an internal market in the EC by 1992 as "a bureaucratic non sequitur."

Mr Lawson's remarks were interpreted as a rebuff for Lord Cockfield, the EC commissioner and former British minister who has supported drastic VAT changes to bring EC member countries into line.

Although he did not mention Lord Cockfield, Mr Lawson told the Anglo-German Königswinter conference in Cambridge, that VAT harmonisation was a "dis-

traction from the issues to which we should really be devoting our energies."

Mr Lawson said he accepted a single market implied the "ultimate abolition" of restrictions on cross-border shopping within the community and that this would inevitably affect EC countries' decisions about VAT and excise duties. It did not follow, however, that conformity was a requirement on the road to 1992.

He added: "The United States, which has been a single market for quite a long time now, has not found it necessary to undertake such regimentation. Indeed, any attempt to do so would almost certainly be held to be unconstitutional."

Mr Lawson said the British Government was "firmly and wholeheartedly committed" to

the 1992 goal. He said recent UK economic experience demonstrated the benefits which flow from deregulation.

However, he set out two principles which should determine the approach to the single market:

- Deregulation, not harmonisation, should be the central concern. The objective should be to remove bureaucratic and other barriers, not create still more.
- The EC should distinguish between steps which were essential to the completion of the internal market and those which were incidental to it.

Mr Lawson said it was wrong to argue for harmonisation of regulatory regimes for financial institutions before liberalisation of capital movements.

Companies agree to pricing regulation

By David Churchhill

GOVERNMENT competition authorities yesterday secured two important undertakings from leading British companies about pricing policies for their products.

The two companies involved were Staveley Industries, on behalf of its British Salt subsidiary, and Joseph Terry, confectionery manufacturer.

Staveley Industries yesterday gave written assurances to Mr Francis Hannon, the Minister for Corporate Affairs, that the price of white salt sold in the UK by British Salt would be regulated according to guidelines laid down by the Monopolies and Mergers Commission.

The commission, in a report published in 1986, had concluded that the monopoly position enjoyed by British Salt and Imperial Chemical Industries operated against the public interest.

The commission recommended that future price increases should be limited by reference to a weighted index of production costs.

The commission, in its report, considered that "it would be impracticable and unnecessary to control each company's prices as the application of price controls to British Salt alone would effectively ensure that no competitor could raise prices beyond the levels charged by British Salt without jeopardising its market share."

The undertakings given by Joseph Terry were made yesterday to Sir Gordon Boring, Director General of Fair Trading. The company undertook in writing not to attempt to maintain minimum resale prices on its products.

The undertakings followed investigations by the Office of Fair Trading into complaints from Nurdin and Peacock, a cash and carry operator, that Terry was seeking to prevent the sale of certain chocolate products at below specified minimum prices.

However, following discussions with the OFT, Terry has agreed not to insist on minimum prices being specified for its products. It agreed to write to its trade customers informing them of its decision.

Philip Stephens looks at the reasoning behind the cut in base rates

Lawson tries to buck the market

ONE OF THE phrases most frequently used by Mr Nigel Lawson, the Chancellor, to assert his authority during his exchange rate policy dispute with the Prime Minister last month was: "Actions are far more important than words."

From that perspective, yesterday's cut in base rates to 8 per cent, the lowest level for a decade, must have given him considerable satisfaction.

The message was that, whatever Mrs Thatcher's doubts about the Government's ability to buck the market, Mr Lawson has not given up trying.

The fact that the announcement came as the Prime Minister was returning from a trip to Turkey was said to have been coincidental. The possibility was discussed earlier in the week.

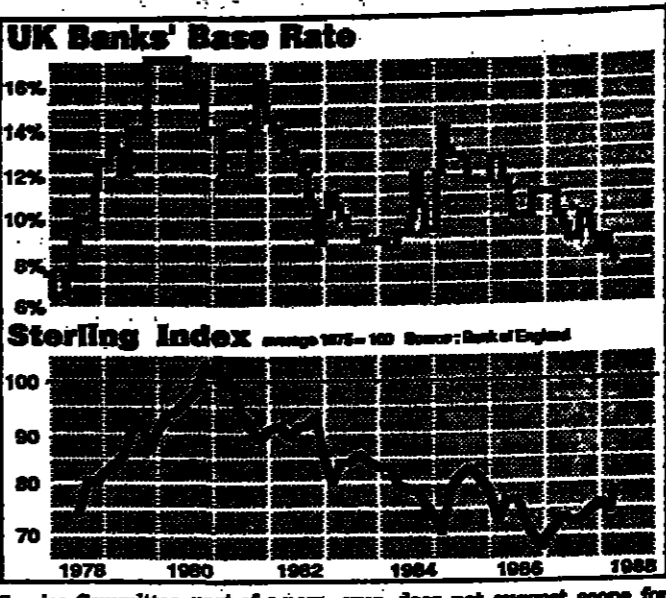
The official explanation for yesterday's move was the same as was given when base rates were cut from 9 per cent to 8.5 per cent in the aftermath of last month's Budget: sterling's rise against other main currencies had intensified the downward pressure on inflation. That meant interest rates could be reduced slightly to compensate.

The Treasury also made clear that it regarded the pound's rise against the D-Mark as unsustainable.

There is little immediate prospect that Britain will achieve West Germany's zero inflation rate, so any rational economic forecast (including the Treasury's) points to a gradual depreciation in the pound's value.

Sterling's surge is therefore seen as a speculative blip - a result of relatively high interest rates by international standards and the reluctance of speculators to put their money into dollars.

It is not, as Mr Lawson rather disingenuously suggested at a recent meeting of the House of Commons Treasury and Civil



Service Committee, part of a new medium-term trend.

Rather than let it climb regardless and then perhaps fall as fast as it has risen, the Chancellor wants to smooth out the peak. Abandoning the DM3.00 ceiling for the pound at the beginning of last month did not mean a return to the hands-off approach which characterised policy in the early 1980s.

If that all looks entirely logical - and the Chancellor will undoubtedly take as much political credit as he can for getting interest rates down to the lowest level for 10 years - yesterday's move is not without both risks and contradictions.

The advertised basis of the post-Budget tension between the Chancellor and the Prime Minister was that beating inflation was the main policy priority. However, within that framework efforts would be made to stabilise the pound.

A glance at recent developments in Britain's economy, how-

New issues reach decade peak

BY PHILIP COGGAN

NEW-ISSUE activity in London last year was at its highest this decade, according to a survey produced by Peat Marwick McLintock, the accountancy firm.

The survey shows that 129 companies floated on the main market of the Stock Exchange last year, compared with 23 in 1980 and an average of 69 over the decade.

In all, 554 companies joined the official list between January 1980 and December 1987. As the table shows, the pace of new issues increased substantially over the decade as companies sought to exploit the bull market.

The survey also reveals that placings now dominate as a means of making a new issue.

This follows the October 1986 alteration in Stock Exchange rules, which increased to £15m the amount that can be raised by a placing.

Placings, whereby shares are allocated to a limited number of institutions, are a much cheaper means of making a new issue

NEW ISSUE ACTIVITY		
	Other	Placing into Total
1980	8	12
1981	23	10
1982	11	4
1983	35	2
1984	33	7
1985	54	6
1986	59	24
1987	19	54

than a full offer-for-sale. Peat Marwick reveals that the cost of a placing last year was about half that of raising the equivalent amount via an offer-for-sale.

As the table shows, there were 64 main market placings last year, compared with only 16 offers-for-sale. The comparable figures for 1986 were six placings and 54 offers. There were more main market placings last year than in the rest of the decade put together.

Breaking down the new issues

by industry sector shows that the loosely-defined investment trust sector was responsible for 133 of the decade's new issues, almost a quarter of the total. Industrials (Miscellaneous) was the next most significant sector, with 79 new issues, closely followed by electricals, with 70 flotations. Of the other sectors, only property was responsible for more than 30 new issues.

Cazenove tops the survey's list of new issue brokers for the 1980s, acting in 78 flotations. The nearest challengers were Warburg Securities, Deloitte Haskins & Sells (with 54) and Hoare Govett with 38.

Peat Marwick itself has a substantial lead in the table of reporting accountants. Its 89 issues is more than double its nearest challenger, Deloitte Haskins & Sells (with 37) and Price Waterhouse (32). The solicitors' table is headed by Slaughter and May (64), with Linklaters & Paines (50) in second place and Herbert Smith (42) in third.

Tube safety measures 'rejected'

BY FEONA McEWAN

SAFETY measures to prevent escalator fires like the one which claimed 31 lives at London's King's Cross underground station, were rejected because of "cost, inertia and incompetence," the disaster inquiry was told yesterday.

Roger Henderson QC, counsel to the inquiry, criticised "a lack of communication" between the Underground lifts and escalators engineering department, and an internal inquiry team which made recommendations after a fire at Manor House station, north London, in May 1985.

A suggestion that wooden skirting-boards on escalators be replaced by metal was met with

the response that this would not be practical "due to the cost of redesigning and refitting."

The lifts and escalators engineering department had also responded in a document that the wood used "is chosen for its fire-resistant properties."

"I take that as a matter of non-understanding," Mr Henderson said. "In relation to King's Cross on November 19 (the day of the disaster) there were no fire-resistant properties whatever in any skirting-board."

"On the contrary, there were fire-accelerating properties, with grease impregnation."

When the internal inquiry

team suggested that escalators be cleaned more regularly, it was told: "All our escalators are regularly cleaned."

Mr Henderson told the inquiry that the wooden escalator which caught fire at King's Cross, probably due to a dropped match setting grease and dust alight, was cleaned more frequently than most on the Underground.

Earlier this week, the inquiry was told that senior management had become more concerned with efficiency than safety recommendations. A change of attitude to safety at London Underground was needed to avoid a repeat of the King's Cross tragedy.

Privatisation adviser named

MIDLANDS Electricity Board yesterday appointed Price Waterhouse as adviser to its planned privatisation, making it the first of the 12 area boards to name its adviser.

Price Waterhouse also advised the Electricity Council over privatisation.

New car sales break record

BY JOHN GRIFFITHS

UK NEW car sales surged to yet another record in this year's first quarter, in spite of a severe shortage of Ford cars as the UK market leader sought to recover from its two-week strike and other stoppages.

With the new car market already on course to eclipse last year's record 2.61m units, the industry is also hoping for a significant sales boost from a civil service review of how its employees operate their cars.

Pilot schemes are being operated by some government departments under which employees classified as high-mileage users of their own cars, and who receive mileage allowances, are being offered new, leased cars. The employees will be required

to contribute to the monthly leasing charge.

Ford said last night that estimates this may mean sales of an extra 200,000 units a year were "probably not far off the mark."

The practice is gaining ground rapidly in the National Health Service, with about 30,000 extra sales estimated as likely to be generated in a full year.

Mr David Hurst, Ford's director of fleet sales, said: "Several health authorities are replacing the old system of privately-owned cars supported by relatively high mileage allowances."

Society of Motor Manufacturers and Traders statistics show new car registrations in March

UK CAR REGISTRATIONS					
	1988	%	1987	%	Year to date 1987
Total market	289178	100.00	185921	100.00	504832
UK produced	94149	45.81	92477	49.74	264430
Imports	115029	54.19	93444	50.26	318202
Ford	49744	23.78	52935	28.47	150898
Rover Group	32235	15.41	28319	15.23	98114
Vauxhall/Opel	32741	15.65	24825	13.35	91915
Peugeot/Citroen	19226	9.19	13440	7.22	47778
Audi/VW/Sat	11265	5.39	11792	6.34	32551
Nissan	11879	5.68	10111	5.44	29258
Renault	8858	4.23	7442	4.08	25795
Volvo	8588	4.11	7657	4.12	21968
Fiat/Alfa/Lancia	8563	4.89	6419	3.45	22072

Labour sets out poll tax alternative

By Michael Cassel, Political Correspondent

A LABOUR Government would replace the proposed community charge, or poll tax, with a combined property tax and local income tax, Mr Roy Hattersley, the party's deputy leader, said yesterday.

Mr Hattersley's announcement, made during a speech at Sedgfield, County Durham, represents the first formal declaration on Labour's alternative to the present rating system.

Labour's plans on the issue appeared confused during the last general election campaign, and work on new proposals has been under way ever since.

The party acknowledges that its lack of a clear alternative has weakened its attacks on the Government's proposals.

Mr Hattersley said there was also an overwhelming preference within the party for a reorganisation of local government, enabling the creation of a regional tier of government. A strategic authority for London to replace the Greater London Council, would be established.

Mr Hattersley called the poll tax "morally indefensible." He said the reputation of local government would be restored if its finances were based on a property tax - calculated on capital, rather than on rateable values - and a local income tax which would be levied at a few pence in the pound, and which could be easily and cheaply collected.

Mr Hattersley stressed that the proposals would relate to people's ability to pay. Business rates would be retained, with regular revaluations.

He claimed that the Government's policies had denied local democracy, whereas Labour's plans would begin to give local government back to the people

County Hall's fate to be settled by June

BY PAUL CHEESEBRIGHT, PROPERTY CORRESPONDENT

THE FUTURE of County Hall, the former headquarters of the Greater London Council, will be decided by the end of May.

The London Residuary Body, charged by the Government to dispose of the now defunct GLC's assets, said yesterday that by then it would have decided whether of the 12 bids it had received for County Hall would be accepted.

All of the bids except one involve turning County Hall into public or private-sector use. The complex of five buildings with more than 1.1m sq ft of space could accommodate a variety of uses - offices, retail, hotel, and residential with leisure facilities.

The exception is a bid from London Charitable Trust, formed last year to act for the benefit of

Londoners and to preserve historic buildings. The trust would lease County Hall to public sector bodies which have taken on the functions of the GLC.

The London Residuary Body is obliged to accept the highest bid or seek the permission of Mr Nicholas Ridley, the Environment Secretary, to take another course.

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CUNARD

Satellite joint venture with Canadians still possible

BY DAVID CHURCHILL

BRITISH participation in a satellite joint venture with the Canadian Government may still go ahead in spite of reports that the Canadians believe the British are delaying a final decision on the project.

The Department of Trade and Industry said yesterday that the Government was still considering whether to collaborate on a £270m remote-sensing satellite that could prospect for minerals.

The UK had been asked to contribute £10m a year for the next seven years towards the satellite project, called Radarsat. Several UK companies, including British Aerospace, Marconi and Logica, have been involved in the preliminary plans for the satellite.

A final decision by the British

Government had been expected by the end of March.

However, the DTI said yesterday that there was no commitment to respond by that date. The final decision was still under review and would be taken shortly.

Canadian officials had suggested that the failure of the UK Government to respond by the end of March might lead to the project being scrapped.

It was suggested that the Canadians might now opt for a smaller satellite to carry out more limited activities.

Last year, Trade and Industry Secretary was face questions next week on the subject from a House of Lords select committee on space research.

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Woolwich's merger with Gateway gains approval

BY DAVID BARCHARD

MEMBERS of the Woolwich and Gateway building societies yesterday approved a merger of the two societies with effect from May 31.

The new society will be known as the Woolwich and will have assets of £18m. It will be Britain's fourth largest building society, the position held by the Woolwich before the merger.

Members of both societies voted by about 90 per cent in favour of the union.

Mr David Blake, spokesman for the Woolwich, said yesterday that the combined society would have 540 branches, about 120 more than the Woolwich had previously. Thirty branches would be closed to avoid duplication.

Mr Michael Gibbs, Gateway chief executive, has been made an executive vice-chairman of the Woolwich. The Woolwich already has one executive vice-chairman, Mr Aism Cumming.

The head office of the Gateway, in Worthing, will continue to be used while the work of amalgamating the two societies is in progress. Thereafter, the head

Halifax takes Cazenove as its adviser

BY DAVID BARCHARD

THE Halifax Building Society said yesterday that it had appointed Cazenove, the City stockbroking firm, as its adviser.

It is understood that the appointment was made after Halifax retained N.M. Rothschild, the merchant banker, to act as its adviser when deciding whether or not to become a limited company.

"We have appointed several advisers to help us select our strategic options," said a Halifax spokesman.

"Cazenove will be helping us in several ways and not only on the decision about whether to convert to a company."

However, building society analysts in the City said yesterday that they regarded the appointment of Cazenove as indicating that the Halifax had largely made its mind up about shedding mutual status and was now chiefly concerned with the practical steps involved in becoming a company.

GRANVILLE

SPONSORED SECURITIES

High Low	Company	Price	Change	Div Yield	% P/E
206 213	Am. Int. Inv. Def.	195.00	0.00	8.9	4.6
207 245	Am. Int. Inv. Def.	195.00	0.00	10.0	5.1
41 52	Amalgamated	50.00	0.00	2.1	42.8
142 140	BSE Design Group (USA)	50.00	0.00	2.7	17.5
288 308	Bancorp Group	137.00	-1.00	4.7	3.6
168 168	Bay Technology	137.00	0.00	3.5	4.8
281 310	CCZ Group (USA)	130.00	0.00	13.1	11.3
147 147	CCZ Group (USA) (New York)	130.00	0.00	5.4	4.1
171 170	Centurion (USA)	130.00	0.00	3.7	10.9
104 81	Centurion (USA) (New York)	130.00	0.00	5.3	12.7
215 87	GenCorp	70.00	-1.00	3.4	3.9
145 68	GenCorp	70.00	-1.00	3.4	3.9
104 59	Johnson	67.00	-1.00	3.4	3.9
780 389	Highway (USA) (New York)	42.00	0.00	10.4	3.2
91 42	Robertson	42.00	0.00	5.5	4.4
128 38	Spartan	128.00	0.00	6.6	3.3
224 67	Teledyne	128.00	0.00	6.6	3.3
71 55	Trustee (USA)	27.00	0.00	2.7	4.2
271 180	W.S. Jarvis	27.00	0.00	6.6	3.3

Securities designated (USA) and (USA) are each in subject to the rules and regulations of the Stock Exchange. Other securities listed above are each in subject to the rules of FIMSA.

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Volvo to increase capacity at Ayrshire truck plant

BY KEVIN DONE, MOTOR INDUSTRY CORRESPONDENT

VOLVO, THE Swedish automotive, food and trading group, is to increase the capacity of its Scottish truck assembly plant by 60 per cent in order to raise production to about 4,500 units a year. The group, which is the world's second largest manufacturer of heavy trucks after Daimler-Benz of West Germany, is investing £1.5m in tooling for an additional production line at its plant at Irvine, Ayrshire, which will be equipped to handle a wider range of truck models.

Once the expansion is completed, Volvo will have tripled production levels at the plant since 1985. It plans 100 additional jobs to increase the workforce to about 370.

Volvo Trucks (Great Britain), the UK truck subsidiary, produced 2,500 units last year, an increase of nearly 20 per cent from 2,100 in 1986. In 1986, 1,500 units were produced. The annual rate of output is now running at 3,500 trucks, which should increase to 4,500 before the end of the year.

Last year, Volvo achieved record truck sales in the UK of 6,088 units (of 7.5 tonnes and above), an increase of 38 per cent, compared with a general rise in the market of 9.2 per cent.

In the class of 7.5 tonnes and above, Volvo captured a UK market share of 21.5 per cent, but in the category of heavy trucks of 16 tonnes or more, the group's traditional strength, it increased its share to 17.7 per cent from 15.5 per cent in 1986 and was in second place behind Leyland-Daf.

The expansion of the Irvine plant will mean that by next year Volvo will assemble in the UK about 70 per cent of its local sales compared with 40 per cent last year. The UK is the group's second most important truck market after the US.

The local content of the Volvo trucks assembled in Irvine is about 40 per cent. The engines, gearboxes and axles are still imported from Gothenburg, Sweden.

The expansion will enable the group to assemble locally for the domestic market the complete range of trucks with 7, 10 and 12-litre engines of 16 tonnes and above.

Government appeal over MI6 book rejected

Financial Times Reporter

THE GOVERNMENT yesterday lost the latest round of its court battle to prevent publication in Scotland of the memoirs of former MI6 man, Mr Anthony Cavendish.

Three judges at the Court of Session in Edinburgh rejected a government appeal against the refusal of a judge to grant an interim order banning publication of extracts from Mr Cavendish's book, *Inside Intelligence*.

The Government had claimed that by writing the book he had breached his duty not to disclose information about his former work.

All three judges disagreed with some of the reasons given by Lord Coulsfield in February when he refused to grant the interim order against The Scotsman and Glasgow Herald newspapers and Scottish Television.

However, they said he had reached the right decision in refusing to grant an order to the Lord Advocate banning further publication of extracts.

Mr Arnold Kemp, editor of the Glasgow Herald, said the judgment would "naturally give satisfaction" to the Scottish media.

The Government said the judgment would be studied before it considered whether to appeal to the House of Lords.

Mr Cavendish writes in *Inside Intelligence* about his time with MI6 in the late 1940s and early 1950s. He was warned by the Government late last year not to publish the book, but had a limited licence to write about his time with MI6 in the late 1940s and early 1950s. He was warned by the Government late last year not to publish the book, but had a limited licence to write about his time with MI6 in the late 1940s and early 1950s. He was warned by the Government late last year not to publish the book, but had a limited licence to write about his time with MI6 in the late 1940s and early 1950s.

EMPLOYMENT

Strike fear at Jaguar as talks become deadlocked

BY RICHARD TOMKINS, MIDLANDS CORRESPONDENT

THE possibility of a strike at Jaguar reappeared yesterday as management and unions reached deadlock over company plans to speed up production at its Brown's Lane assembly plant in Coventry, West Midlands.

Talks re-opened yesterday morning after a vote among the Brown's Lane workforce in which employees overwhelmingly rejected slightly revised management terms for a planned increase in productivity.

The talks ended in the afternoon with management saying it had nothing further to offer and that it would be considering its position over the weekend.

Another meeting will be called next Monday or Tuesday at which the management is expected to impose the proposed increase in production.

In an industrial action ballot before Easter the 4,400 workers voted by more than two-to-one for strike action over the company's original proposal.

The dispute is over the management's plans to speed up assembly lines and increase output at Brown's Lane by 32 cars a week, from about 1,200 cars a week to close to 1,300, without a corresponding increase in the workforce.

The unions originally planned to start industrial action from last Wednesday, the date the company planned to implement the new targets. However, the unions agreed to suspend their plan for action after the company agreed to suspend plans to implement the changes to allow more talks.

This week's vote appears to mark a strengthening of feeling against the company's plans. Workers were understood to be disappointed because the company has not made any fundamental changes to the proposals, other than to lengthen the period of implementation.

Unions officials said the vote on the revised package, on a ballot count of a series of workplace meetings held on Thursday's day and night shifts, was four-to-one against.

The unions say the company's target is over-ambitious and that the proposed increase in maximum payable productivity bonus from £33.75 to £46.25 a week will not adequately reward the workforce for the increased workload.

Jaguar insists a higher volume of output is needed to meet demand and that greater productivity is needed to maintain its competitiveness and finance a heavy programme of investment.

Officers at P&O vote for 'union only' ships

By Jimmy Burns, Labour Staff

THE National Union of Seamen yesterday claimed to have gained a tactical advantage in their two-month old dispute with P&O European Ferries after 600 Dover-based members of the moderate officers union Numast voted by 4-1 in a secret ballot to work only with NUS crews on cross-channel routes.

Relations between the two maritime unions have been strained in the past, and reached a low point last month when Numast reached a conditions agreement with P&O in spite of a continuing strike by NUS Dover-based seamen.

Numast hailed the agreement as an important compromise settlement which averted what it considered the "worst threats" of the company's original proposals. The NUS said it had strengthened the company's hand by dividing the unions.

Although Numast is officially still not in dispute with P&O, union officials now believe yesterday's ballot result reduces the options that are open to the company as long as there is no settlement with the NUS.

P&O last night said it had no comment to make on the ballot. It said its position was unchanged and it would not embark on further negotiations with the NUS unless it agreed to radical changes in working practices.

The ballot result endorses the view expressed in recent weeks by some Numast officials, that any attempt by the company to break the strike by using foreign or alternative crews under British officers, could pose a threat to the safe operation of P&O's cross-channel operations.

The Association of National Health Service Officers yesterday obtained a High Court injunction preventing a health authority from interviewing candidates to replace one of its members in a senior post.

The union went into dispute with the South Western Regional Health Authority after the authority re-graded a post and then decided not to offer it to the man who had held it in its previous form.

Peugeot in drive to lead diesel car sector

BY JOHN GRIFFITHS

PEUGEOT TALBOT hopes to wrest leadership of the UK diesel car market from Ford this year as it introduces three diesel models.

Two of the models, using a conventional 1.9-litre diesel already used in the Peugeot 309 hatchback, went on sale yesterday this week. The third, using a new 1.6-litre turbocharged unit, will go on sale in July.

Peugeot Talbot came a close second to Ford in the UK diesel market last year, with sales of 23,417 units compared with Ford's 27,422.

This represented a 41.4 per cent increase on 1986, more than four times greater than Ford's 9.2 per cent growth and compared with 20.1 per cent growth in the diesel car sector overall.

Total UK diesel car sales last year reached 93,233 units, or 4.68 per cent of the market.

However, if sales of diesel cars produced by Citroen, also a Peugeot group subsidiary, are included, Ford has already been relegated to second place by the French group.

Citroen's diesel sales in the UK last year rose by 19.2 per cent to reach 13,720. This gave the French group a total market share of 38.8 per cent, compared with 29.4 per cent for Ford.

The Peugeot 205 and 309 were second and fourth respectively in the list of diesel best-sellers last year. The best-selling model was the Citroen BX. The 1986 best-seller, the Ford Escort, was in third place.

Citroen is also expected to benefit later this year from a BX saloon which has just been launched in France and is fitted with the turbocharged unit.

Diesels now account for 21.4 per cent of Peugeot's total car output, which reached just over 111,000 units last year.

The cheapest Peugeot 405 diesel model, the 405GLD, costs £23,745 including taxes and the better-equipped 405 GRD £29,975. The turbocharged model, the 405 GTDT, is expected to cost about £24,500.

Automatic versions of the 405 are to be phased in from mid-June.

Warning on training transition

By Charles Leadbeater

NEGOTIATIONS with potential training managers for the Government's £1.4m Employment Training scheme for the adult unemployed, to be launched on September 5, will be fraught with difficulties, area managers of the Manpower Services Commission have been warned.

Many union officials, employers and MSC officials believe the single programme which will replace a plethora of schemes for the adult unemployed is almost certain to get off to a shaky start.

According to confidential guidance issued by the MSC to its area managers, commission officials have not yet agreed on how to handle key elements of the transition.

Employment Training will replace about 37 programmes for the unemployed. It will provide an average of six months' training over a three-year period.

Officials have yet to decide how trainees, who are paid according to local wage rates under the Community Programme, should transfer to the Employment Training scheme, which will be paid at allowance worth little more than their social security benefits. For many this will mean lower payments.

The guidance says the successful launch of the programme will depend on area managers' ability to establish a network of training managers in each district to organise training in a broad range of occupations.

It warns: "Negotiations will not be easy. Training providers, and perhaps especially the smaller Community Programme agents and those offering specialist training, will be apprehensive about breaking their direct contractual links with the MSC."

Under the new programme the MSC will commission a relatively small group of training managers to arrange work placements with employers, and sub-contract other training to specialist organisations.

Most training providers under the programme to be replaced by Employment Training have direct contracts with the MSC.

The guidance warns MSC managers not to underestimate the challenge posed by reorganisation of local training provisions.

It says there may be a need for mergers between smaller training providers, that consortia of employers may be formed and that some organisations will have to be helped to improve their training capacity.

Area managers have been told to start informal discussions with training providers to ensure arrangements for the programme are in place before the scheme is officially launched.

Willis calls for calm on code of practice

BY OUR LABOUR CORRESPONDENT

MR NORMAN WILLIS, TUC general secretary, yesterday issued a blunt warning to union leaders who have threatened to quit the TUC over its proposed code of practice to govern controversial single union, no-strike agreements.

Mr Willis said: "Given a will to succeed, I am confident that we will achieve clear standards for unions to observe. Not a fudge, but standards which will uphold trade union principle, reflect modern industrial relations and boost the standing of the trade union movement."

TUC officials believe the ESTPU and the AEU are not opposed to the principle of the unions operating a code of practice, but would reserve their judgement until it was clear how such a code would affect them.

The unions have played a leading role in signing single union agreements for greenfield sites.

In a clear reference to their remarks, made in the run up to last Wednesday's meeting of the review body, Mr Willis said: "The unions have played a leading role in signing single union agreements for greenfield sites."

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David Churchill reports on the growing popularity of exotic voyages

Full steam ahead for cruise holidays

TAKING A cruise around the Mediterranean or Caribbean on a luxury passenger liner is one of the fastest growing sectors of the holiday market this year.

Figures to be published shortly by the Passenger Shipping Association are expected to show that the number of cruise passengers from the UK last year rose by 15 per cent to about 115,000 people - the highest rise for several years.

Moreover, most cruise companies expect that 1988 will see a significantly larger increase as cruise holidays continue to grow in popularity - helped by the weak US dollar.

As the bulk of cruise liners use US dollars on board ship, European holidaymakers have benefited in recent months as the dollar's weakness is encouraging many US holidaymakers to join a cruise ship rather than take a more expensive European holiday.

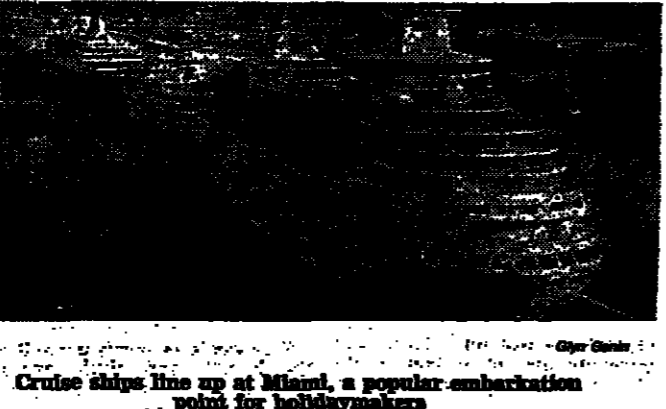
The strength of demand for cruise holidays has prompted shipping lines to invest heavily in new ships.

Last year, there were some 118 ships with 80,700 berths. Industry forecasts based on current investment plans suggest there will be at least 143 ships with 100,000 berths by 1991.

Among the ships under construction is the 36,000-tonne Royal Viking Sun, owned by the Royal Viking Cruise Line, which will call at Greenwich later this year on its maiden voyage to San Francisco.

The ship is typical of the new-style cruise liners planned for the 1990s: luxury service (there are butlers in every suite), televisions in all cabins and a wood-paneled drawing room with a gas log fire.

Royal Viking has already taken £12m (£5.4m) in advance bookings for cruises on the new ship, but has just announced a 10 per cent price cut on all cruises booked out of the UK this year.



Cruise ships line up at Miami, a popular embarkation point for holidaymakers

Second, gambling facilities on cruise ships provided an opportunity of combining a holiday with gambling for many Americans who have gaming restrictions in their home states.

What led to the cruising boom spreading from the US to the UK was the introduction of fly-cruise holidays, which included the flight to and from the cruise ship as part of the package.

Mr Ken Page, director of the Passenger Shipping Association, says: "There has been an increasing trend for holidaymakers to travel further afield in the 1980s, so it was easier for the cruise companies to persuade people to fly to the Caribbean or Far East before joining a cruise ship."

While most British cruise passengers prefer a Mediterranean cruise, the popularity of fly-cruises means that one in four cruise holidays are flying to Miami or the Caribbean to join their cruise ship.

Mr David Dingle, marketing director of Princess Voyages, part of the Peninsula & Oriental Steam Navigation shipping group, says: "Fly-cruises are flying to Miami or the Caribbean to join their cruise ship."

Mr Dingle says: "Fly-cruises are flying to Miami or the Caribbean to join their cruise ship."

APPOINTMENTS Reorganisation at the Evered Group

Following the acquisition of the John Fyfe Group and the civil engineering arm of Hall & Tawse Construction, EVERED has made the following changes. Evered Quarry Products (Scotland) has been formed as a holding company for the enlarged Scottish operations. The board of Evered Quarry Products (Scotland) will be under the chairmanship of Mr Evered. The main board director, Mr Keith, who is chief executive of Evered's entire quarry products division. The remaining board members are: Mr James Murray (managing director), Mr Alan Finlayson (assistant managing director), Mr John Hume, Mr Keith Harris and Mr John Mitchell.

Edelstein marketing director of the housewares division. He joins from Dunlop Powerbase.

Mr Keith B. Arnes, and Mr G. Joseph Hyde have been appointed directors of CENTRAL AND CITY HOLDINGS and all its subsidiary companies. Mr Christopher A. Bricke, a director of Central and City Management, has also been made a director of Central and City Properties and Central and City Investments.

Mr Charles Willey has become works director at MAWDSLEY'S responsible for the manufacture of UPS systems.

LADBROKE GROUP has elected Mr Larry Hunt finance director of Gable House Estates. He comes from County and District Properties where he was financial controller.

Mr Alan Boyd, director of programmes at TVS Television, has joined the board of TELEVISION SOUTH as an executive director.

BUSINESS MORTGAGES TRUST has made the following appointments: Mr Paul Lockyer joins as director sales. He was previously vice president and chief executive of Citibank Business Credit, the specialist mortgage subsidiary of Citibank NA. Mr Tony-Lewis Jones as a non-executive director. He has recently retired from Manufacturers Hanover Trust where he was head of the UK corporate group.

Mr P. James has been appointed secretary at the J.O. FLOWRIGHT GROUP. Mr D. Seedy and Mr G. Green have been appointed to the board of J.O. FLOWRIGHT & CO (TANKERS).

CATALYST PUBLICATIONS has appointed Mr Craig Waller its managing director and publisher.

CITYMAX INTEGRATED INFORMATION SYSTEMS has appointed Mr Lucien D'Sa as director of sales and marketing.

Mr A.D. Kovacs-Gasper has become a director of C.E. HEATH (EMPLOYEE BENEFITS).

Mr Jim Stretton has been appointed deputy managing director of the STANDARD LIFE ASSURANCE CO. He was general manager (operations).

Mr Ben Stoneham has been appointed to the board of PORTS-

MOUTH AND SUNDERLAND NEWSPAPERS as development director. He was director of staff management.

FORTIS AVIATION GROUP has made the following appointments: Mr Barrie Pawsey, formerly director and general manager of Prop Jet, has been made director and general manager responsible for all Fortis Aviation jet aircraft marketing activities worldwide. At Prop Jet, Mr James Unalacke has been appointed general manager. He was formerly with Short Bros in its Far East office.

Mr Vincent R. Plumb has been appointed managing director of IDC COMMUNICATIONS. He was sales director.

HODGSON MCCRACKEN & CO, a member of the Leslie & Godwin Group, has appointed Mr J.A.J. Garroul a director. He was a director of Hughes-Gibb & Co.

Mr David Rogers has been made director of development and planning at MANCHESTER AIRPORT. He previously worked in Canada where he was president of Airwork Planning and Engineering Services, an airports and aviation consulting company.

BR indicates it may revise 4.5% pay offer

By Jimmy Burns

BRITISH RAIL indicated yesterday that it may revise its 4.5 per cent offer to its 100,000 railway workers following its rejection by union leaders.

The corporation last year decided to impose its pay rise even though the union's claim was set to go to arbitration. But BR said last night that it planned to contact further negotiations with the unions.

"This is not a final offer," BR said.

The Transport Salaries Staff's Association, the white collar union, yesterday joined the National Union of Railwaymen, and Aslef, the train drivers' union in rejecting the offer following a meeting of its executive.

The TSSA, which represents about 27,500 BR employees, said the corporation's offer compared unfavourably with recent pay settlements. The offer also did not meet the union's claim for a shorter working week and the abolition of the two lowest paid white collar staff grades.

The corporation presented its latest pay offer at a meeting of the Railway Staff National Council, the joint negotiating body, on March 22.

TSB ENGLAND & WALES has appointed Mr Charles Love executive director-financial services. He was a general manager.

Mr Robin Fawcett has been made financial controller at PERVOS.

Mr Richard Banks has been elected to the board of EQUITY & GENERAL as finance director. He was previously with Woolworth Holdings.

ADDIS has appointed Mr Paul

TUC nears agreement on personal pensions scheme

BY CHARLES LEADBEATER, LABOUR CORRESPONDENT

THE TUC is close to concluding negotiations with Unity Trust, the trade union bank, on plans to set up a personal pensions package.

The TUC-approved package is expected to be launched in May, as the first in a series of financial services planned by the TUC and Unity Trust. Plans for a trade-union-backed credit card may be ready for TUC approval by next summer.

TUC officials believe the personal pension scheme will be competitively priced and many union members, confused by the range of pension schemes available, have been impressed by the package which will be marketed by the TUC seal of approval.

The discussions with Unity Trust were prompted by the TUC's 1986 congress, which decided to establish a review body on union organisation and recruitment.

While most attention has focused on the review body's work on single union, no-strike agreements, TUC officials stress that many other potentially important developments in the TUC's role in promoting local multi-union recruitment drives and financial services have been unanimously approved.

A review body sub-group has been conducting negotiations with Unity Trust on a range of financial services the TUC might offer, including insurance, mortgages, general financial advice and the credit card. Union leaders have been impressed by the way union recruitment in the United States has been helped by the decision of the AFL-CIO, the US union confederation, to launch a credit card.

The package would be marketed by individual TUC unions, although some may wish to market their own services.

The review body has also agreed to a series of pilot schemes in which the TUC would organise union recruitment drives in specific towns, pulling together the resources of several unions. TUC officials believe the acceptance by constituent unions that the TUC could play a direct role in union recruitment may pave the way for it to develop its role in easing recruitment conflicts between unions.

Television union demands details of LWT cuts

By John Gapper, Labour Staff

BETA, the television studio and clerical staff union, intends to go into dispute with London Weekend Television unless it discloses financial details of a package of proposals to cut staff and alter working practices.

The union said yesterday that LWT had provided too few details of the financial implications of the proposals, regarded as one of the most far-reaching attempts by an ITV company to change working practices.

The proposals are to be discussed at a meeting later this month, but Mr Vincent Feiner, Beta's ITV national officer, said that unless LWT provided more details about cost savings if the proposals were agreed, the union's shop stewards would be told to halt negotiations.

Television Licence Fee Increase

Television licence fees were increased with effect from 1 April 1988. The new fees are £21.00 for black and white and £22.50 for colour.

Licensees who use the Direct Debit or Credit Card schemes to pay for their licence should note the following:

Annual payments by Direct Debit or Credit Card

Your next licence will be issued at the new rate. Consequently your account will be debited with the appropriate amount on or immediately after the first day of the month following that in which your current licence expires.

Instalment payments by Direct Debit

- If your current licence expires at the end of March 1989 then the monthly instalments will now be 1/10 of the new fee £21.00 per month for a black and white licence or £22.50 per month for a colour licence.
- If you have been paying monthly instalments towards your next licence based on the old fee, then on the last day of the month in which your current licence expires, your account will be debited with an amount equal to the difference between the old and new fees i.e. £3.00 for black and white or £4.50 for colour. Thereafter the monthly instalments will be based on the new fee, as in 1 above.

National TV Licence Records Office
Bristol BS98 1TL

FINANCIAL TIMES

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Saturday April 9 1988

The risks of complacency

SIX MONTHS after the Great Crash, the mood in the world's financial markets is not far removed from complacency. An event which at the time seemed like a fearsome warning of economic hazards to come is now widely regarded as little more than the healthy correction of speculative exuberance. Thanks to the extraordinary resilience of the Japanese stock market and the weakness of the dollar, the FT-Actuaries World Index is almost back to last autumn's high point. It is almost as if Black Monday had never occurred.

Low-key affair

Next week's meeting of finance ministers and central bankers from the Group of Seven industrial nations is accordingly being billed as a low-key affair, with no call for bold new initiatives. The latest forecasts from the International Monetary Fund carry very few scars from the crash, with output growth in most countries set to continue at a moderate pace both this year and next, and the US economy looking surprisingly robust.

The foreign exchange markets remain volatile and nervous, and yesterday's base rate cut in the UK was the latest signal of the serious policy embarrasments of the British authorities, who are trying to restrain speculative inflows at a time when the domestic economy is showing signs of expanding at an unhealthy rate. But in this case, too, there is a little complacency. There is very little chance of a rise in sterling against the D-Mark being sustained over any length of time: meanwhile, politicians do not usually feel the need to make excuses for a strong currency and falling interest rates.

Beneath this placid surface, however, there are still some treacherous currents. So many pundits made fools of themselves last year by predicting a stock market crash in Tokyo that the fashion now is to find ways of justifying the extraordinary year's gains being placed on Japanese share prices. They have come to represent far and away the biggest slice of the international capital market: Japan today accounts for about 44 per cent of the World Share Index, roughly double the 23 per cent share held by the US, which has slipped down to about 31 per cent.

This performance, and the recent strength of the Japanese economy as a whole, has been built in good measure on a rise in domestic demand which has been running at 5 to 6 per cent since last spring. But it is questionable how long this trend will continue. The Japanese Government appears to be placing renewed emphasis on the need for res-

serting fiscal discipline in the economy, and wage increases will be restrained by the need to protect profit margins against pressure from the strong yen.

Without the buoyancy of Japan, there would be less room for complacency about both the international economy and the world's stock markets. Share prices in other markets are telling a much more cautious tale: the World Index excluding Japan is about a fifth below last year's peak. In the UK, the All-Share Index stands below its level 22 months ago, and although there is nothing magic about year-on-year comparisons, the fact is that such declines have been very rare in the past decade and have not occurred at all since the start of the great bull run in 1981. At the very least, this reflects uncertainty about some of the more optimistic profits forecasts - doubts which are reinforced by the strength of the currency and the rate at which pay settlements have been running in the UK.

Meanwhile, interest rates are being driven down at a time of rapid expansion in the money market. One of the most striking news items in the past few days came from Barclays Bank, which revealed that its UK lending was rising at an annual rate of more than 30 per cent, and that it proposed a 100 per cent increase in the rate of its biggest rights issue ever made by a British clearing bank. For anyone with a memory, that is the kind of announcement which produces a prickly feeling around the back of the neck.

Fanciful story

On a broader horizon, the forecasts produced by the IMF for the finance ministers' meeting next week make it clear that although imbalances in international trade flows are declining, they are still a long way from reaching levels which might be regarded as sustainable over the long term. On this reading, the yen is set to rise yet further in the coming months, a story which briefly set Wall Street alight this week looks highly fanciful. This was that the finance ministers would agree to put some kind of a floor under the dollar, an exercise which could make the effort being made to hold down sterling look like a light evening breeze.

No doubt the pessimists went too far with their forecasts of doom last October, and the current economic outlook is noticeably brighter than seemed likely at that time. Moreover, finance ministers are paid to look calm. But they must be aware that there are problems out there of a type which, if left to fester, could still be resolved by the financial markets - in a most unpleasant manner.

Michael Prowse assesses the wider issues raised by the British Government's changes to the social security system

Simple reforms for a complex world

A JUST SOCIETY, the late Lord Stockton once remarked, should contain both a safety net and a ladder. Britain, despite its affluence and two centuries of economic growth since the Industrial Revolution, is apparently still incapable of providing a serviceable form of either.

This week, the Social Security Advisory Committee (a body set up by the Government in 1980 and including lawyers, doctors, academics and business people) joined the poverty lobby in attacking aspects of the welfare reforms being implemented on Monday. The safety net, in its judgment, has gaping holes. It says that some young people - particularly those unable to live at home - will be exposed to "a risk of destitution". The committee also points out that 43 per cent of all welfare recipients (including nearly 50 per cent of pensioners) will receive lower benefits as a result of the changes.

The ladder is in no better shape. A central tenet of Thatcherism is that people should be able to better themselves by hard work. Top tax rates for the affluent have been cut to 40 per cent on just these grounds. Yet the rapid withdrawal of benefits, whenever the income of the poor creeps higher, is set to expose around half a million families to effective marginal tax rates of between 70 and 90 per cent. Some of the poor will keep just a few pence of each extra pound they earn.

The worries about inadequate benefits and formidable work disincentives are compounded by deep unease about structural innovations. The new Social Fund will replace grants for household items, like beds and cookers, with loans. The idea is to teach the poor "how to manage a budget". The likely consequence, however, is rising indebtedness among those already below the poverty line. Since the new income support (236.05 a week for a single person under 25) is barely sufficient to cover current living costs, it cannot provide the resources to repay loans for the replacement of household capital goods.

The new scheme's critics argue that real incomes and living standards have risen rapidly in the past six or seven years. The nation could thus certainly afford more generous benefits for the disadvantaged, they say, and it could also have found a more efficient means of relieving poverty. Unrepayable loans, disincentives of the sort Mr Hesleywood imposed on the rich, rules that treat 14-year-olds like dependent teenagers, longer and even more complex housing benefit forms: to the Government's critics, the whole exercise sounds like a joke in very bad taste.

The shape of the new system is partly a reflection of constraints the Government imposed on itself for political and ideological reasons. Civil servants at the Department of Health and Social Services were instructed in the mid-1980s to devise a reform package that would not cost any extra money.

The only way to help the poorest of the poor within this constraint was to take resources from the slightly less poor. Studies showed that pensioners on average had done better over the years than, for example, families with children. The Government was also concerned that some young unem-

ployed people were cynically exploiting the benefits system.

The housing benefits being withdrawn from many pensioners and the reduced levels of support for the under-25s are thus helping to finance slightly more generous benefits for families on very low wages. The new Family Credit is undoubtedly more generous than family income supplement, the relief it supersedes. Nobody disputes that these families need additional help; the controversial question is who should finance it?

Behind the protests which the changes have provoked lies a belief that it was heartless and illogical of the Government to insist that social security changes should be self-financing. On this view, the Government should have looked at the tax and benefit system as a whole when searching for economies. It would not even have been necessary to forego cuts in tax rebates ministers could merely have closed some of the less defensible tax loopholes.

That would have avoided the spectacle of a Government cutting poor pensioners' housing benefit while continuing to grant generous mortgage subsidies to stockbrokers on £70,000 a year. The limited nature of the Budget's tax reforms was caused by the Government's refusal to contemplate

The shape of the new system is partly a reflection of constraints the Government imposed on itself

changes that would create "losers", no matter how well off the losers might be at the start of the process. On the calculations of the Social Security Advisory Committee, however, the Government's welfare reforms make losers out of millions of people.

The drive to cut public spending is not the only reason for the squeeze on some of the poor. The Government also appears to be reinstating some of the principles of the 1834 Poor Law Report. Nassau Senior, the co-author of the report, strongly believed in the principle of "less eligibility" - the notion that the able-bodied idle should be less eligible for benefits than those who worked. As Dr Nicholas Barr explains in a recent book, Senior worried that relief would otherwise tend "to increase that which it is intended to diminish."

The 1834 report led to a sharp change in attitudes. The Poor Law in operation since 1834 had striven to extend relief largely without stigma: the poor were to some extent regarded as innocent victims. From 1834 they were regarded as more responsible for their own plight. Workhouse rules were tightened and efforts made to ensure that the living standards of the unemployed were always lower than those of the poorest workers.

The decline in unemployment benefit relative to other benefits in the 1980s can be interpreted as a straightforward application of the principle of less eligibility. The able-bodied without work

got less than other categories of claimant because they do not deserve as much. The relative generosity of the new family credit, which is available only to poor families where the head of household has a job, can be seen in the same light. Ministerial speeches about the need to tackle a "dependency culture" underline this approach.

But there are other more quotidian explanations of the squeeze on some welfare recipients. Paradoxically, the problem partly reflects the attempts to simplify the system. Income support and premiums for special client groups such as the disabled reduce the complexities of supplementary benefit. A host of former distinctions have been eliminated, such as different rates for householders and non-householders and additional weekly payments for special needs.

The idea of giving everybody in a certain category the same allowance and leaving them to establish their own priorities sounds fine in principle. But the practical result is that needs may be less efficiently met. The circumstances of the poor vary tremendously. The Social Services Advisory Committee draws attention to the problem of fuel costs. The abolition of special payments means that a pensioner living in an old, poorly insulated property with electric bar fires receives no more help than one living in a small, well insulated home with gas central heating. Claimants such as the young who qualify for no premiums will get no extra help to reflect hard-to-heat accommodation.

Pensioners and others cannot react to the changing pattern of aid by moving into sensible accommodation. It often is not available. In practice, the benefit system must respond to actual needs, not the kind of "average needs" projected by DESS computers. The advisory committee argues that some system of special payments for special needs will have to be reintroduced: real-world complexities cannot be abolished by a stroke of a civil servant's pen.

Holes in Britain's welfare safety net could quite easily be repaired, given the will and the cash. The construction of a serviceable ladder for the disadvantaged, however, is much more tricky. By basing benefits on net-of-tax rather than gross incomes, the Government has raised the effective marginal tax rates of more than 100 per cent. But it has nearly doubled the number of poor families facing effective tax rates of 70-90 per cent as their benefits are withdrawn. It is debatable therefore whether the "poverty trap" has been significantly improved.

Some observers argue, short-sightedly, that the trap could be eliminated by "integrating the tax and benefits systems" or by creating a "negative income tax", or by paying everybody an untaxed "social dividend". The high effective tax rates on the poor are caused, however, primarily by the withdrawal of means-tested benefits as income rises. Now that benefits are being cut, the impact of income tax as such is of little consequence. Integration of tax and benefits therefore will do nothing per se to help matters. Disincentives for the poor can be reduced only by withdrawing bene-



Logan Pinn

fits less quickly. But if benefits are withdrawn less quickly, more people will get them. If more people get them, the cost of social security will rise rapidly. Yet the Government is already spending \$46bn a year.

Cost is the Achilles heel of negative income tax or social dividend schemes (the two are in essence identical). They give everybody, rich and poor, an unconditional cash benefit, often called the guaranteed minimum income. This is then paid on all other income, usually at a flat rate.

A social dividend or minimum income for all would require average tax rates of 50-60 per cent. It is easy to see why. Ordinary income taxes support benefits only (or mostly) for the poor; a negative income tax would have to support benefits for everybody. To combat poverty at all effectively, the dividend would have to be worth 35-40 per cent of average incomes; taxation for purposes other than income support absorbs at least 15 per cent of average incomes; the overall tax burden would therefore rise above 50 per cent of average incomes.

Dr Barr concludes that the poverty trap can be alleviated only by substantially higher taxation of the better off. The Institute for Fiscal Studies reached the same conclusion. It concluded "reluctantly" that high marginal tax rates on the poor could not be avoided. "We have seen no practical scheme that avoids this difficulty, except by accepting a worse evil: a substantial reduction in the level of support for the poor, or high marginal tax rates on a much higher proportion of the population." Indeed, far from advocating social dividend schemes, the IFS put the case for a much more rigorous targeting of benefits. The logic was that social security should be cost effective, even if it could not avoid creating disincentives. In a modest way, the Government is gingerly treading the IFS path: the freezing of child benefit, for example, is part of a move to restrict welfare to the truly needy.

Perhaps the answer is to stop thinking of the welfare state in terms of ladders and safety nets. Half of all payments go to pensioners and a further 17 per cent to the sick, disabled, and orphans. Incentives are irrelevant to these groups; arguably, they deserve more than a bare safety net. An approach that escaped these pitfalls would treat social security not as something to be salvaged or cut to the bone, but as a technical device needed to improve the lives of large segments of the population. It will continue to be needed until the principal causes of poverty - inadequate pensions in old age, unemployment and low pay - are removed. * *The Economics of the Welfare State*, Weisfeld and Nicholson, 1987. ** *The Reform of Social Security*, Basil Blackwell, 1984.

HEADLINES tell part of the story. "Cool hand Duke"

Who's cousin sees a warmer Dukakis? Michael Dukakis, Governor of Massachusetts, is a cold fish - at least in public. But this liability has not prevented Mr Dukakis, the son of a Greek immigrant doctor, from finding himself once again the front runner for the Democratic Party's presidential nomination, as the primary season passes the half-way mark.

His victory this week in the Wisconsin primary has left him leading the field, ahead of Jesse Jackson and Albert Gore. Some polls even suggest that Governor Dukakis is ahead of Vice President George Bush in November, a contest which, if it materialises, will doubtless be billed as one between a cold fish and a wet blanket.

But Democrats, many of whom are still haunted by the memory of Mario Cuomo of New York or some other reluctant hero, are worried about a Dukakis candidacy. As columnist Mark Shields asked: can a man who gives voters the impression that a wild evening consists of rearranging his sock drawer really light the spark that can wrest back the White House from a Republican party which has won four out of the last five presidential elections?

The Dukakis campaign decided from the beginning not to contest an aura of false charisma, but to market a chief executive's competence, emphasising a commodity not exactly characteristic of the second term of Ronald Reagan. As "the Duke" himself put it last week with characteristic indifference to the poetry of political discourse: "I don't expect to be known as the Great Communicator. I want to be known as a Great Builder."

What he has built is a record of success as governor of a state which, since he first took office in 1975, has made the transition from Rust Belt doldrums to high-tech prosperity. Thirteen years ago, the state had an unemployment rate of 11 per cent, now it is less than three per cent.

Mr Dukakis, 54, claims that the state's industrial renaissance owes much to his leadership. This may be an exaggeration, but it is not surprising. Both Mr Rea-

Man in the News

Michael Dukakis

Passionless technocrat aiming to be a great builder

By Stewart Fleming



gan and Jimmy Carter stressed their gubernatorial records in their presidential campaigns. Indeed, in both cases, the way they behaved while running their states was at least partly reflected in the White House. Since Mr Dukakis has no real record outside Massachusetts, it is as good a guide as any.

His record shows reformist enthusiasm for innovation in government policy, tenacity in pursuit of goals and a style of political leadership which he believes is effective. He is certainly no big spending liberal who would simply throw money at economic or social problems, but he does believe in an activist role for government and in using taxpayers' money to bring about change.

In successful efforts to revive

languishing mill towns, Mr Dukakis has used government as a catalyst. He gets personally involved in bringing together business, labour and local authorities to create a positive atmosphere for economic development - "leveraging private investment with public investment" is how he puts it.

The state welfare programme he put into effect has alleviated the intractable poverty among the underclass in Massachusetts and has set a new standard for the Democratic Party. He is trying to break new ground with a universal health insurance scheme which his aides say would be the first in the country. It is in its final phase before the state legislature.

The standard Dukakis campaign speech contains this

ended in defeat, amid charges that he was arrogant and politically insensitive. He retired to Harvard University's Kennedy School of Government to recover from what his wife, Kitty, called a "public death". When re-elected in 1983, he began to practise what he had learned.

If he wins his party's nomination, he will inevitably carry into the conservative south the label of a Massachusetts liberal. But this aspect of his policies is mostly confined to external issues.

"I want a foreign policy that reflects our common sense and our values," he says. He attacks the Reagan Administration for ignoring the economic dimension of national security and for militarising foreign aid. "Shipping sophisticated arms to countries while their people starve to death."

He calls for a "conventional defence initiative" to replace the "fantasy" of Reagan's "Star Wars" - the Strategic Defence Initiative. He wants the "savings" from US/Soviet arms reductions to be devoted to global humanitarian relief. He is also in favour of fierce sanctions against South Africa and of a less self-righteous, less authoritarian approach to Washington's relations with Third World nations, especially in Latin America. (His Spanish is fluent.)

He wants to stabilise defence spending and to increase revenues by collecting unpaid taxes, a proposal which has been scornfully dismissed by, among others, Governor Cuomo. As a result, Governor Dukakis remains locked in the same financial straightjacket which Ronald Reagan's deficits have wrapped around all social policy innovators - and around presidential candidates from both parties.

His critics say that, without a more compelling message for the voters, Michael Dukakis, the cerebral technocrat, would find Congress too tough a nut to crack as President - just as Jimmy Carter did before him.

If he had the passion, they say, it might be a different matter. The fact that Mr Bush has the same problem comes as cold com-

UK COMPANY NEWS

Brown Boveri shares fall on profits down 34%

BY VANESSA HOULDER

Brown Boveri Kent (Holdings), industrial process control and measurement group, yesterday surprised the City with a 34 per cent profit fall.

The shares dropped 20 per cent to 85p. The sharp deterioration was blamed on a poor performance by the control systems business which made a loss following severe problems on site service contracts.

In addition, all divisions, except for the meters business, were badly hit by intensified competition from US manufacturers benefiting from the weak dollar.

Mr John Nottley, chief executive, said he expected control systems, which accounts for about a quarter of sales, to return

to profits this year. Management has been changed and the division is withdrawing from the less profitable areas of business, in particular from site services.

Mr Erwin Bielinski, chairman, said that the company entered 1988 with improved orders and sales prospects and provided that there was no significant further weakening of the dollar he was confident of a more positive outcome for the year.

Earnings per share were down from 9.7p to 4.5p and the board is recommending a final dividend of 1.5p, making 3p for the year, against 2.5p for 1987.

Following the merger of the company's majority shareholder, the Swiss BBC Brown Boveri with ASEA of Sweden, to form ABB Asa Brown Boveri, it is proposed to change the name of the company to ABB Kent (Holdings).

Mr Nottley said that the company was benefiting from the

strengthened distribution channels formed by the merger.

comment

Erwin Boveri has displayed a persistent ability to disappoint the market and these results were no exception. With two thirds of sales coming from overseas and the bulk of manufacturing based in the UK, the company was hammered by the falling dollar. But most of the damage was inflicted by the control systems interests which plunged into the red in the latter half of the year, thanks in part to poor management controls. The company however is reasonably sanguine about the future. It has bitten the bullet as far as the control system business is concerned and furthermore, it believes it can live with the dollar at present levels. If the company can return to profits of 5m next year, it will be on a respectable 2pc of about 11. At that level, it will take time for the market to regain its faith in the company.

Crown TV reveals merger plan

BY FIONA THOMPSON

SHARES IN Crown Television Productions, a USM-quoted film, video and television programme producer, were suspended at 53p yesterday after the company announced that it was to merge with Chalford Communications, which owns 53 per cent of LBC and holds minority interests in 17 other independent local radio stations.

The enlarged group, to be known as Crown Communications, will be uniquely placed to take advantage of opportunities now unfolding in commercial radio, Crown said yesterday. The new group intended, once the Government's policies for the development of independent radio were implemented, to own a number of leading radio sta-

tions. Mr Paul Ellis, chief executive of Crown, will retain this position in the enlarged group.

Chalford is 85 per cent-owned by Darling Downs, an Australian radio and television company. Darling Downs also holds a 20.7 per cent stake in Crown.

Following the merger, Darling Downs will hold 29.9 per cent of the enlarged Crown and, together with persons deemed under the takeover Code to be acting in concert with Darling Downs, will hold approximately 56.6 per cent of the enlarged Crown.

The concert party includes Mr David Haynes, chairman of Chalford, Mr Christopher Chataway, chairman of Crown, and 23 Chalford shareholders who are all

members of the Mountbatten family.

Rule 9 of the Takeover Code requires that any person who, together with those acting in concert with him, comes to hold more than 30 per cent of a company's share capital is required to make an offer to the remaining shareholders.

However, in this instance, the Takeover Panel is prepared to consider a waiving of that obligation subject to the approval of the shareholders.

Darling Downs has given assurances to the Crown board that it will not increase its shareholding in Crown beyond 29.9 per cent.

The deal values Chalford at £17.5m.

UK Land discloses 5.2% stake in EPIC

By Nikki Tait

AN ALREADY complex bid situation at Estates Property Investment Company took a new twist yesterday as UK Land, a small property investment company, disclosed that it had picked up 1.27m shares or 5.2 per cent.

EPIC is already recommending a 27p-a-share cash offer from Gilvite, a consortium headed by Mr Stephen Wiggate, which values the company at £66.12m. A rival, lower offer (also in cash) from Peachey Property is still on the table.

This has already been declared final, is worth 260p per EPIC share, and is due close on April 12.

Yesterday, Mr Colin Tett, chairman of UK Land, declined to elaborate on the company's intentions. He did, however, concede that UK Land had been amongst the interested parties who contacted EPIC in the wake of the Peachey bid, and ahead of its recommendation for the Gilvite offer.

"We know the EPIC properties very well," he stressed, "and we like to think that we know what we're doing."

The stake, he said, had been acquired within the past month. Although Mr Tett maintains that the company's average buying price is under 27p, some recent purchases have been made at 27.2p - ahead of the Gilvite offer terms.

EPIC's advisers, Baring, yesterday confirmed to UK Land's earlier interest, but said that no new proposal had been put forward.

"The position is that EPIC has recommended a deal at 27p," was the only comment.

Peachey, meanwhile, sticks by earlier statements - that it is preparing to acquire a minority stake in EPIC in respect of its 53 per cent stake even if Gilvite is successful. Gilvite has currently secured 27.4 per cent of the EPIC equity.

Mr John Brown, Peachey's managing director, said that he had not had any contact with UK Land.

EPIC shares were steady at 27p yesterday.

Clay Harris considers Tate & Lyle's £710m bid for Staley Continental Scene set for bitter sweet battle

IT IS TIME to return Staley to banks. These were only a few of the heated words of advice which Mr Neil Shaw, chairman of Tate & Lyle, offered yesterday to Mr Donald Nordlund, his opposite number in what promises to be a protracted and bitter takeover battle for the second largest US corn processor.

Mr Shaw's four-page letter to Mr Nordlund was not written for the recipient's eyes only. Officially timed to arrive in the Chicago suburb of Rolling Meadows hours after Tate had already published its £1.25bn (£710m) tender offer for Staley Continental in the New York Times, it gave Mr Nordlund about as much new information as a Japanese diplomatic note after Pearl Harbor.

Instead, the letter was an attempt to justify the ambitious transatlantic bid to a wider audience. Staley and Tate shareholders alike. City institutions, even US politicians and farmers who might be staggering towards corporate protectionism through the dust thrown up by the Beezer-Koppers scuffle.

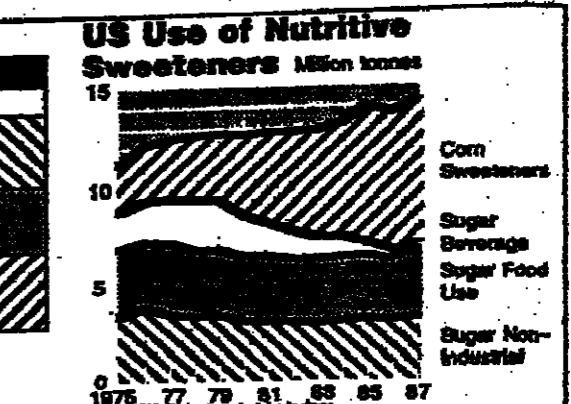
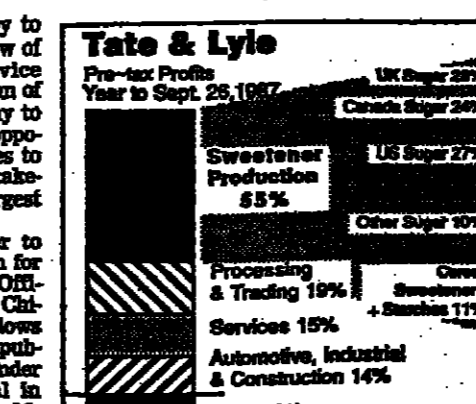
At stake is a company which claims 25 per cent of the \$1m US market for high fructose corn syrup, which is used to sweeten 35 per cent of non-diet soft drinks in the US. Corn products as a whole account for 65 per cent of the industrial nutrient sweeteners.

As corn-based sweeteners have increased market share in the US, the loser has been liquid sugar products such as sucrose, largely because of an average 25 to 40 per cent price differential depending on region and season.

The applications of liquid corn sweeteners have now nearly reached saturation point, but Tate is confident that overall demand will continue to grow 2 to 3 per cent per year in line with the US population.

Tate emphasised that it was not sorry to have sold its half share in Zymase, a Canadian high fructose corn syrup manufacturer, in 1984. Tate's executives have strongly encouraged a show of shareholder support for their "golden parachute" agreements which Tate claims would give the five senior managers a total of \$43.7m if any predator buys more than 20 per cent of the shares.

Many of these arrangements were introduced in 1985 when the US investment bank Drexel Burnham Lambert and some clients



the bid succeeds, the third partner, Brussels-based OIF, would be able to increase to 50 per cent its holding of CST, which includes Tantal Refineries in London and Annymin in Belgium.

A successful bid would also give Tate its first exposure to industrial starches such as those used in adhesives and in pulp and paper production.

Mr Shaw was eager to convince yesterday that Tate's patience had simply worn out. Staley had repeatedly floated the possibility of Tate's taking a friendly 10 to 20 per cent stake, but nothing had ever come of this.

"We decided that we would never be able to conclude anything," he said yesterday.

In Staley, Tate has chosen its target. Its moment and its strategy will be the inevitable wrangling in US courts.

Eventually, however, Staley will have to confront the two main points of Tate's challenge: the diversification strategy and allegations of management "entrenchment".

By not increasing its dividend for six years, Staley's executives have strongly encouraged a show of shareholder support for their "golden parachute" agreements which Tate claims would give the five senior managers a total of \$43.7m if any predator buys more than 20 per cent of the shares.

Many of these arrangements were introduced in 1985 when the US investment bank Drexel Burnham Lambert and some clients

were active traders in Staley shares. The episode is still the subject of litigation in which Staley claims that Drexel pressured it to go private.

Mr Shaw made perhaps his clearest play to the gallery yesterday by telling Mr Nordlund: "You, yourself, have led Staley away from its core business, scaling back on corn sweeter operations and using cash generated by that business to finance acquisitions and expansion in the food service distribution segment. I recognise that you have had some tough decisions to make and may have made them to satisfy short-term objectives."

It is not, however, a cheap shot. In the year to September 30, corn refining produced operating profits of \$110m on sales of \$880m, while the margin on food distribution was pathetic by comparison: profits of \$60m on sales of \$2.46bn.

Tate also expects to wage a vigorous fight if Staley tries to vigorously fight its own anti-foreign sentiment. Already yesterday, Tate was noting that it had rescued from bankruptcy seven best sugar factories in western US states as well as re-opening a closed refinery in Yonkers, New York.

It even struck a populist note in its plan to close the suburban Chicago headquarters (One Centennial Towers in Golf Road) and take Staley back to its downstate Illinois roots in Decatur, where one of the three main processing plants is located.

But basics are also on the agenda for Tate itself. It made clear yesterday that its priority for the foreseeable future was the creation of an international integrated sweetener producer.

It has finally discarded any notion that its future lies too far away from its past. The non-sweetener diversifications of the past decade or so - automotive components and other industrial products, for example - are unlikely to be sold, but Tate does not shy away from the prospect of relying on sweeteners for 75 to 80 per cent of profits, if the Staley bid and disposal succeed, against 55 per cent in 1986-87.

On the other hand, although Tate is willing to allow the US to account for up to 70 per cent of profits post-Staley, against less than half now, its future acquisitions will be aimed at reducing this geographic imbalance.

Tate can draw no encouragement from its recent record in mounting hostile bids. In 1984, Tate's £324m offer for Brooke Bond, the tea and meat extracts company, was successfully jumpy by Anglo-Dutch consumer products giant Unilever.

Two years later, its £778m bid for S&W Bristoll, parent of British Sugar, was one of two rival offers blocked by the Monopolies & Mergers Commission. Tate's plan for Bristoll was not dissimilar to that outlined for Staley.

Tate expects to be more fortunate this time. The financing arrangements bear a close resemblance to Drexel's successful bid for US electrical retailer Cyclops last April. Tate considered - and discarded - using an off-balance sheet vehicle that was devised by Beezer in its troubled quest for Koppers.

The questions that such a method would raise in the City - and in takeover-sensitive America - just weren't worth what- ever financial advantages may have emerged, Tate concluded.

Stormgard builds printing business with £6.7m buy

BY ANDREW HILL

Stormgard, textiles group, yesterday announced a further expansion into the printing industry through the purchase of a 50 per cent share of Hydro Dynamic Products, a manufacturer and distributor of cleaning materials and other printing supplies.

The initial £3.3m payment will be funded by a vendor placing of 350m new shares. The shares will also be offered to shareholders at the placing price of 10p and on the basis of one new share for every 3.86 held.

This is Stormgard's second acquisition since completing an extensive programme of disposals. In January, the group bought Brunton & Williams, a wholesale company making stationery and printing-related products, for £510,000.

that the financial year just ended had been dedicated to the re-establishment of a secure foundation for the troubled group, which suffered a loss of \$4.67m before tax in the year to March 31, 1987. Gearing has decreased from 1987 to 1988 from 109 to 102 per cent, to less than 70 per cent at March 31.

Its statement referred to "serious production problems" at the accessories division in the first half, and difficulties at E & A Richards, lace and knitwear subsidiary, which offset progress at Glenmuir. Benefits from Garlande's new fashion collections would only emerge in 1988/89, said the company.

HDR, based in Sussex, made profits of £550,000 before tax and non-recurring expenses in the year to June 30, on turnover of £3.3m.

Cowells raises profits 16% to over £1m

BY DAVID WALLER

Cowells, Ipswich-based specialist printer, reported a 16 per cent rise in pre-tax profits in 1987 from £881,000 to £1.02m. The USM-quoted company increased turnover from £9.04m to £9.78m and, after tax reduced from £258,000 to £230,000, earnings were raised 55 per cent from 8p to 10.8p.

A final dividend of 2.5p (2p) has been proposed to make a total of 3.5p (3p). Below the line there was an extraordinary credit of £69,000, arising from moving the company headquarters from the centre of Ipswich. This compared with a credit of £24,8m last time.

The chairman said that prospects for new contracts in the current year were excellent and that one contract - to supply bingo tickets to Mecca Leisure for the next five years - was already in place and should provide growth in turnover and profitability in the coming year.

Lep plans £43m US purchase

BY DAVID WALLER

Lep Group, freight forwarding, transport and property company, is planning to acquire control of the National Guardian Corporation, a US security services company in which it already holds a 41 per cent stake.

Lep has put forward a proposal to acquire control of National Guardian's outstanding shares at the price of \$187m (£73m), and expects the imminent agreement of the company's management.

The purchase of the NASDAQ-quoted shares would cost Lep \$90.8m, around £42m, against Lep's market capitalisation last night of \$157m (£73m).

Details of the proposed financing have not yet been revealed, but it is likely that shareholders

in National Guardian will be offered new Lep shares or cash raised from a private placing.

As a result, it is likely that Lep's equity capital will increase by more than a half.

National Guardian, in which Lep first took a stake in 1984, sells, leases and installs security and monitors electronic security systems used to protect businesses and homes against burglary and fire.

Its turnover last year was \$160m, which generated pre-tax profits of \$11.2m.

Mr John Reed, Lep chairman and managing director, said that the acquisition represented good growth opportunity. He intends

to leave National's existing management in place, and has no current plans of diversifying into security services in the UK.

Lep's shares closed down 1p at 140p.

THF unconditional

Trusthouse Forte's bid for Kennedy Brookes yesterday went unconditional as to acceptances. THF now owns or has received acceptances in respect of 56.6 per cent of KB's shares. The offer will lapse only if the proposed acquisition is referred to the Monopolies & Mergers Commission before next Monday.

Carclo sells Bridon stake

BY ANDREW HILL

Carclo Engineering Group yesterday ended speculation that it was going to bid for Bridon, engineer and wire rope manufacturer, when it disclosed it had sold its 51 per cent stake in the company for £4.28m.

The disposal resulted in an extraordinary profit of about £700,000.

Mr John Ewart, Carclo chairman, said he had always considered the stake a "trade investment". He added that the shares were all sold at the same time but, as far as he knew, not to a specific buyer.

His counterpart at Bridon, Sir Christopher Leidlau, said he was relieved the stake had been sold, but slightly concerned lest it had

been picked up in the market by an investor with hostile intentions. Apart from institutions, Bridon's only other major shareholder is British Steel, with 9.5 per cent.

The announcement of Carclo's stake last November pushed Bridon's shares up 20p to 125p. Yesterday the shares were down, riding 1.5p to close at 124.5p. Carclo put on 5p, closing at 172p.

Carclo, an acquisitive manufacturer of card clothing, wire products and automotive components, bought 4.9 per cent of Bridon just before the October crash. The company sold the stake in November at a £1.5m loss, before buying 5.1 per cent at a lower price, but slightly concerned lest it had

Issue follows losses at Sound Diffusion

BY PHILIP COGGAN

NEW MANAGEMENT at Sound Diffusion, the electrical equipment leasing group, has launched a £10m rights issue to raise additional capital for a new £5.6m pre-tax loss of £5.6m in 1987.

The loss follows a complete reappraisal of the group's accounting policies undertaken by Mr David Macdonald, the new chairman who was a former deputy chairman of Hill Samuel, and the new director, Arthur Young.

An exceptional charge of £3.68m has been made to reflect changes in accounting assumptions applied to business contracts in 1986 and previous years. In addition, the 1986 profits have been restated to £5.1m, rather than the £5.7m previously announced.

Sound Diffusion's accounting policies were the subject of considerable controversy last year. Following a dispute with the then accountants, Ernst & Whinney, Mr Paul Stonor, the former chairman, took the unusual step of

releasing unaudited profits from 1986. Sheppard & Chase, the company's broker, promptly resigned.

After many months of discussions and criticism from shareholders alike, Mr Stonor was forced to announce audited profits of £5.7m - well below his earlier 29.8m estimate. When Mr Stonor revealed interim profits for 1987 that were down 38 per cent, the pressure for him to resign became overwhelming. He did so on December 9.

Mr Macdonald and Mr Francis Howard, the former finance director of Charter Consolidated, joined the board, rejected takeover approaches and set about restoring the company's image in the City.

Yesterday's announcement, which entailed a 13-page press release, revealed the complexity of the accountancy treatment of losses. The new management has decided to increase the provi-

sions for premature cancellations from 3.4 to 4.5 per cent and the provision for service and collection costs from 10 to 13 per cent.

There has also been a number of changes in accounting policies, the bulk of which are designed to reflect a more conservative approach towards the recognition of first year profits on leases.

However, 1987 was an abnormal year. The company allowed its costs to escalate to a higher level than was justified by its volume of business; the new management has instigated a vigorous rationalisation programme. The company previously recognised profits in respect of partial installations; the new management now only takes profits on completion. The effect of this on the 1987 figures was to include just 11 months of income, but a full year of costs.

In total, the trading loss for the year was £1.97m, against the restated 1986 profit of £5.1m.

After the exceptional debit of £2.88m, the pre-tax loss was £5.68m and the directors have proposed that the dividend be cut to 0.1p (0.01p).

The company considers it needs an injection of equity to strengthen its capital base. Accordingly, Sound Diffusion is making a rights issue of one convertible cumulative redeemable preference share for every 14 ordinary shares. The shares will have a par value of 21p and carry a dividend of 7.25 per cent. The issue, which will net £8.5m for the company, has been underwritten by Kleinwort Benson.

Mr Macdonald said that the losses incurred in 1987 were the result of special factors and were not indicative of the company's prospects. The current year has started well with orders at a higher level than ever before.

The directors are confident that Sound Diffusion will enjoy a successful year in 1988.

COMPANY NEWS IN BRIEF

The Royal Bank of Scotland plc

Base Rate

The Royal Bank of Scotland announces that with effect from close of business on 11 April 1988 its Base Rate for advances will be reduced from 8½% to 8% per annum.

The Royal Bank of Scotland plc. Registered in Scotland No. SC 189728. Registered Office: 25, Abchurch Lane, London EC4N 3DF.

ALBERT FISHER Group has completed the acquisition of ADS Holdings, pre-packer of potatoes for major supermarket chains, for £750,000 in cash and shares.

BERNARD MATTHEWS has purchased on the market 100,000 of its own ordinary shares at 85p.

RODDINGTON GROUP: Whitbread & Co. has acquired a further 1.1m ordinary bringing its total holding to 5.7m shares (6.26 per cent).

ers. This means that the company has 37,000 sq ft to develop between Mark Lane and Seething Lane. The first phase begins next month.

SUNZ tender offer for Seal of the US has closed with acceptance of 2.18m shares (98.2 per cent). Outstanding shares will be acquired shortly.

CANNON STREET Investment has agreed to acquire Private Mobile Rentals for an initial consideration of about £1.5m of which £1.3m has been paid upon completion.

CASNET (untraceable founder) has acquired Kinderton Holdings for £45,000 cash. Kinderton, with interests in children's dresses and outerwear, had a turnover

last year of £3.6m.

CLONALCIN GROUP, Dublin-based printing and packaging manufacturer, raised 1987 pre-tax profits from £24.67m to £25.86m (£69.51m). Extraordinary provision of £73,968 (nil). Earnings per share 11.56p (10.95p). A final dividend of 1.97p makes 3.21p (2.98p).

EVANS HALSEW has acquired Auto Control, vehicle contract hire company, for £550,000 cash. Its profits for year ended September 1987 were £177,000 pre-tax and net assets totalled £282,000.

G M FIRTH HOLDINGS has expanded its steel stockholding activities via acquisition of Walker Wright & Company for

£1.3m. Initial consideration £1.17m with balance dependent on profits. Vendors have warranted profits of not less than £180,000 for year to end-March 1988.

GESTETNER HOLDINGS has sold for cash its interest in Gestetner Ltd, its office distribution subsidiary in Japan, to a major Japanese office equipment distributor. The proceeds exceed £25.5m, the company's share of asset value.

GLOBAL GROUP has acquired 90 per cent of Global Lawson, and the outstanding shares in Peak-burgers and Portsmouth Meat Co. Some 314,026 shares are to be placed to raise £282,850, subject to shareholders' approval.

LONDON RECENT ISSUES

Table with columns for EQUITIES and FIXED INTEREST STOCKS, listing various securities, prices, and yields.

*Rights offers

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table with columns: REGIONAL AND NATIONAL MARKETS, THURSDAY APRIL 7 1988, WEDNESDAY APRIL 6 1988, DOLLAR INDEX. Rows include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Korea, Luxembourg, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Sweden, Switzerland, United Kingdom, USA, and The World Index.

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 100.557 (US \$ Index); 90.791 (Pound Sterling) and 94.94 (Local). Copyright: The Financial Times, Goldman, Sachs & Co., Wood Mackenzie & Co. Ltd. 1987. Latest prices were available for this edition.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAI system yesterday until 5 pm.

Table with columns: Stock, Volume, Stock, Volume, Stock, Volume, Stock, Volume. Lists various stocks like ASDA Group, Allied-Lenox, Anglo Irish, etc.

ECONOMIC DIARY

TODAY: OPEC's price committee meets in Vienna. MONDAY: Producer price index numbers (March-provisional). THURSDAY: Institutional investment figures for vehicle production (March). FRIDAY: Usable steel production (March). WEDNESDAY: Finance ministers and central bankers of the Group of Seven industrial nations meet in Washington.

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: EQUITY GROUPS & SUB-SECTIONS, Friday April 8 1988, The Apr 7, The Apr 6, The Apr 5, Year Ago (approx), Highs and Lows Index. Rows include CAPITAL GOODS GROUP, Building Materials, Contracting, Electricals, Electronics, Mechanical Engineering, Motor Vehicle, Other Industrial Materials, Consumer Goods, Food & Drink, Health and Household, Leisure, Packaging & Paper, Printing & Publishing, Retail, Textiles, and OTHER GROUPS.

FIXED INTEREST

Table with columns: PRICE INDICES, Fixed Rate, Day's Change, The Apr, The Apr 7, The Apr 6, The Apr 5, Year Ago (approx), High, Low. Rows include British Government, 1-5 years, 5-15 years, 3 over 15 years, Irredeemables, All stocks, Index-Linked, 6-7 years, 7 over 7 years, 8 All stocks, 9 Indexes & Loans, 10 Preference.

1 Flat yield. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4A 3DF, price 15p, by post 32p.

FT-ACTUARIES SHARE INDICES QUARTERLY VALUATION

The market capitalisation of the equity groups and sub-sections of the FT-Actuaries indices as at March 31, 1988 are expressed below in millions of pounds and as a percentage of the All-Share Index. Similar figures are also provided for the two preceding quarters.

Table with columns: EQUITY GROUPS & SUB-SECTIONS, Market cap. as at Mar. 31, 1988, % of All-Share Index, Market cap. as at Dec. 31, 1987, % of All-Share Index, Market cap. as at Sep. 30, 1987, % of All-Share Index. Rows include CAPITAL GOODS GROUP, Building Materials, Contracting, Electricals, Electronics, Mechanical Engineering, Motor Vehicle, Other Industrial Materials, Consumer Goods, Food & Drink, Health and Household, Leisure, Packaging & Paper, Printing & Publishing, Retail, Textiles, and OTHER GROUPS.

NORTHERN IRELAND

The Financial Times proposes to publish this survey on:

MONDAY, 17th October, 1988.

For a full editorial synopsis and advertisement details, please contact:

MR BRIAN HERON Regional Manager

on 061 834 9381 (telex 666913)

or write to him at:

Financial Times Alexandra Buildings Queen Street Manchester M2 5HT

FINANCIAL TIMES

Bank of Scotland

announces that with effect

from Monday 11th April

1988, its Base Rate will

be decreased from

8.50% per annum

to 8.00% per annum



TSB is decreasing its Base Rate by half a percentage point from 8.5% to 8.0% from close of business today, 8 April 1988. All other rates are under review.

All facilities (including regulated consumer credit agreements) with a rate of interest linked to TSB Base Rate will be varied accordingly.

TSB Group plc, 25 Milk Street, London EC2V 8LL

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Name Address Tel. (Office) Tel. (Home)

CLASSIFIED ADVERTISEMENT RATES

Table with columns: Appointment, Commercial and Industrial Property, Residential Property, Business Opportunities, Personal, Motor Cars, Contracts Tenders. Rows include Per line (min. 3 lines), single col cm (min. 3 cms), E, £.

Preferred positions available £10 per Single Column cm extra (Min 30 cms)

All prices exclude VAT For further details write to: FINANCIAL TIMES, 10 CANNON STREET, LONDON EC4A 3DF

INTERNATIONAL COMPANIES AND FINANCE

Strong growth leaves BSN 43% up

BY GEORGE GRAHAM IN PARIS

BSN, France's leading food and drinks group, saw profits soar by 43.4 per cent last year to FF1.55bn (\$272.9m).

Takeover for Swedish power group in balance

BY SARA WEBB IN STOCKHOLM

AGA, MODO and SCA, the three Swedish companies which last month bid SKr5.7bn (\$864.5m) for shares in Gräningsverket, a hydroelectric power and forestry group, have admitted defeat in their takeover attempt.

Rothmans responds icily to Brierley threat

BY BRUCE JACQUES IN SYDNEY

DIRECTORS OF Rothmans Holdings, the Sydney-based cigarette group half-owned by British International of the UK, have responded icily to an "invitation" made for the company's shares by Sir Ron Brierley's Industrial Equity (IEL).

mid 1988. The group has also added control of the Spanish biscuit group, Siro, to its La and Prince de Beaulieu brands.



Antoine Riboud: tops forecast

Air NZ appoints forestry executive as its chief

BY DAI HAYWARD IN WELLINGTON

AIR NEW ZEALAND has appointed Mr Jim Scott, an executive from the forestry industry with no previous experience in aviation, as its chief executive.

Mr Scott, 43 and a chemist by training, is general manager for the forestry and transport operation of Carter Holt Harvey where he has been since 1971.

Thomson CSF shows 19% upturn in earnings

By Paul Botta in Paris

THOMSON CSF, the French state-controlled defence and professional electronics group, has reported a 19 per cent rise in net profits to FF7.6bn (€1,437.7m) for 1987 compared with FF6.4bn the year before.

First Chicago doubles net income for first quarter

BY JAMES BUCHAN IN NEW YORK

FIRST CHICAGO, the holding company for the 11th-largest US banking group, doubled net income to \$141.5m in the first quarter, alongside a good advance in lending and an improvement in the quality of loan assets.

Because the 1987 loss brought with it tax benefits, a more comparable result for the first quarter was a tax-adjusted \$109.5m, or \$1.81 a share.

Staff costs depress BHF-Bank

BY ANDREW FISHER IN FRANKFURT

BHF-BANK, the West German decline was smaller, said Mr Klaus Subjetzki, a managing partner.

Last year, the bank increased staff by 10 per cent to 2,425 and staff costs were 12 per cent higher at DM1.88m.

IBM to license patents on PS/2 personal computers

BY ANATOLE KALETSKY IN NEW YORK

IBM OF THE US is to license out all patents connected with its new PS/2 line of personal computers, and has said it would also raise its licensing fees to "reflect better the value of IBM patents."

Bridgestone profits ahead by three quarters

By Our Financial Staff

BRIDGESTONE, the Japanese tyre maker which last month agreed the \$2.6bn takeover of Firestone Tire and Rubber in the US, pushed consolidated net profits up by nearly three quarters last year to reach Y36bn (\$286.4m) compared with Y21bn.

This came on worldwide sales just 3.5 per cent higher at Y820.4bn. Bridgestone has half the Japanese market for car tyres and stands third in global industry rankings. It exports about a quarter of its output and has been hindered by the high yen.

Amex restores ordinary payout

AMAX, the US mining group, is to restore a dividend on ordinary shares after a three-year gap. At 5 cents a share the quarterly payout will cost the company barely \$8m, writes Our Financial Staff.

WORLD COMMODITIES PRICES

Week in the Markets

THE LONDON Metal Exchange nickel market showed signs this week of returning to the real world, although prices were still at levels which would have been unthinkable only a few months ago.

In the past three days, however, the downward move has been re-established more securely with a cash price fall of \$3,800 to \$16,450 a tonne.

satisfied customers' most pressing needs, and LME stocks have begun to rise, albeit from dangerously low levels.

LME aluminium prices also came under heavy pressure this week, but traders saw the fall mainly as a technical reaction against the earlier record-breaking upsurge, rather than to any change in the market's strong underlying fundamentals.

THE COPPER MARKET resumed its downward slide, ending late in the day on Monday's position gaining only 247.50 yesterday the cash premium widened by \$125 to \$475 a tonne, which dealers said was an indication that the supply situation was reasserting itself.

THE LONDON broiler. The report said copper prices had "fallen downward potential", in spite of having already fallen by more than \$200 a tonne since Christmas.

about 130,000 tonnes, followed by one of \$30,000 tonnes next year.

Table with columns: Commodity, Unit, Price, Change, etc. Includes Gold, Silver, Copper, etc.

Table with columns: Commodity, Price, etc. Includes London Metal Exchange, Aluminium, etc.

Table with columns: Commodity, Price, etc. Includes US Markets, Precious Metals, etc.

Table with columns: Commodity, Price, etc. Includes Crude Oil, Heating Oil, etc.

Table with columns: Commodity, Price, etc. Includes Soyabean, Barze, etc.

Table with columns: Commodity, Price, etc. Includes Spot Markets, Cocoa, etc.

Table with columns: Commodity, Price, etc. Includes London Metal Exchange, Gold, etc.

Table with columns: Commodity, Price, etc. Includes New York, Gold, etc.

Table with columns: Commodity, Price, etc. Includes Sugar, Cotton, etc.

Table with columns: Commodity, Price, etc. Includes Live Cattle, Live Hogs, etc.

© A tonne unless otherwise stated. p-pence/kg, c-cent/kg, m-malaysia/Singapore, etc. Includes various market indices and exchange rates.

WORLD STOCK MARKETS

NEW YORK (3 pm)

Table of stock prices for various companies in New York, including AAPL, IBM, and various financial institutions. Columns include company names, current prices, and percentage changes.

Wall Street

Dow hovers as market hangs fire

A slow session on Wall Street saw stocks move in a narrow range by midsession. Blue chips stayed a few points above and below Thursday's close while advancing and declining issues were evenly matched.

Canada

The active list included Lucky Strike, up 8% at \$38, Phillips Petroleum, ahead 5% at \$177, and Gammet, off 1% at \$32.

Frankfurt

Pre-weekend caution and the absence of any significant new factors left investors on the sidelines and share prices closed easier after a quiet day.

Tokyo

The Nikkei index lost 20.32 to 2,828.89 after hitting a morning peak of 2,828.41, following a surge of 238.05 points on Thursday to a record high.

Australia

Scattered local buying by institutions continued, leaving the ASX 100 index unchanged.

Hong Kong

Moderate profit-taking followed the sharp gains on Thursday and Hong Kong share prices closed a shade lower.

Paris

A late rally as bargain-hunting on selected stocks set in boosted prices and French shares ended the continuous session 0.26 per cent higher.

Amsterdam

Prices in Amsterdam closed mixed with the ANP general index slipping 0.8 to 249.6.

Zurich

Light profit-taking early in the session in Zurich was followed by bargain-hunting which lifted most prices above the day's lows.

Milan

Volume in Milan picked up near the close and share prices closed slightly higher.

Singapore

An absence of follow-through buying support and hints of profit-taking in lethargic trading edged Singapore share prices lower after three days of gains.

THE ALL ORDINARIES INDEX

The All Ordinaries index rose 12.1 to 1,424.7 in turnover of 100.8m shares.

THE HANG SENG INDEX

The Hang Seng index eased 3.21 to 2,619.87. Turnover was HK\$1.15bn against HK\$1.28bn on Thursday.

THE NIKKEI INDEX

The Nikkei index lost 20.32 to 2,828.89 after hitting a morning peak of 2,828.41, following a surge of 238.05 points on Thursday to a record high.

THE ASX 100 INDEX

The ASX 100 index was unchanged at 1,335.60, with turnover of 1,200 million shares.

THE FTSE 100 INDEX

The FTSE 100 index rose 12.1 to 1,424.7, with turnover of 100.8 million shares.

THE DAX INDEX

The DAX index rose 0.26 to 1,234.56, with turnover of 1.2 billion marks.

THE NYSE INDEX

The NYSE index rose 12.1 to 1,424.7, with turnover of 100.8 million shares.

THE S&P 500 INDEX

The S&P 500 index rose 12.1 to 1,424.7, with turnover of 100.8 million shares.

THE NYSE TRADING ACTIVITY

NYSE trading activity on April 8 showed a total of 1,200 million shares traded.

NEW YORK ACTIVE STOCKS

Table of active stocks in New York, including AAPL, IBM, and various financial institutions. Columns include company names, current prices, and percentage changes.

INDICES

NEW YORK

Table of indices for New York, including Dow Jones, S&P 500, and NYSE Composite.

DOW JONES

Table of Dow Jones index values for various dates and time periods.

AUSTRALIA

Table of Australian stock indices, including ASX 100 and All Ordinaries.

FRANCE

Table of French stock indices, including CAC 40 and DAX.

GERMANY

Table of German stock indices, including DAX and All Ordinaries.

HONG KONG

Table of Hong Kong stock indices, including Hang Seng.

JAPAN

Table of Japanese stock indices, including Nikkei 225.

NETHERLANDS

Table of Dutch stock indices, including ANP and AEX.

SPAIN

Table of Spanish stock indices, including IBEX 35.

CANADA

Table of Canadian stock indices, including TSX 300.

SOUTH AFRICA

Table of South African stock indices, including JSE 300.

SWEDEN

Table of Swedish stock indices, including OMX 20.

SWITZERLAND

Table of Swiss stock indices, including SMI 30.

NETHERLANDS

Table of Dutch stock indices, including ANP and AEX.

NETHERLANDS

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NETHERLANDS

Table of Dutch stock indices, including ANP and AEX.

NEW YORK

Table of New York stock prices, including AAPL, IBM, and various financial institutions.

CANADA

Table of Canadian stock prices, including TSX 300.

FRANCE

Table of French stock prices, including CAC 40.

GERMANY

Table of German stock prices, including DAX.

HONG KONG

Table of Hong Kong stock prices, including Hang Seng.

JAPAN

Table of Japanese stock prices, including Nikkei 225.

NETHERLANDS

Table of Dutch stock prices, including ANP and AEX.

SPAIN

Table of Spanish stock prices, including IBEX 35.

NETHERLANDS

Table of Dutch stock prices, including ANP and AEX.

Financial Times Saturday April 9 1988. Includes various disclaimers and publication information.

CURRENCIES AND MONEY

LONDON STOCK EXCHANGE

Base rate cuts help equities and I-L Gilts

FOREIGN EXCHANGES

Sterling retains its attraction

STERLING SHRUGGED off a half point out in base rates yesterday and showed every sign of continuing its upward trend...

SFR2.5925 compared with SFR2.6000. It was unchanged against the yen at Y235.50 and closed at FF110.6425 from FF110.6550...

With little incentive to carry exposed positions until after next week's G7 meeting, the release of US trade figures for February...

Account Dealing Dates: First Declared, Last Account, Dealings from, Dealings to, etc.

FINANCIAL TIMES STOCK INDICES table with columns for Govt Sec, Fixed Interest, Ordinary, Gold Mines, Div. Div. Yield, etc.

Elsewhere, Social Diffusion moved up 4 to 31p in the wake of the 23.5p rights issue...

£ IN NEW YORK table with columns for £100, £50, £20, etc.

POUND SPOT-FORWARD AGAINST THE POUND table with columns for US, Canada, etc.

STERLING INDEX table with columns for £100, £50, £20, etc.

DOLLAR SPOT-FORWARD AGAINST THE DOLLAR table with columns for US, Canada, etc.

CURRENCY RATES table with columns for Sterling, US Dollar, etc.

EURO-CURRENCY INTEREST RATES table with columns for 3 months, 6 months, etc.

CURRENCY MOVEMENTS table with columns for Sterling, US Dollar, etc.

EXCHANGE CROSS RATES table with columns for £, DM, etc.

OTHER CURRENCIES table with columns for Argentina, Australia, etc.

MONEY MARKETS table with columns for Treasury Bills, etc.

THE TIMING of the half point cut in UK bank base rates to 8 per cent caught the City of London completely by surprise yesterday...

as the base rates cuts brought a brief spate of inflation worry. But the sector then rallied with the pound to finish with falls of only 1/4 or so.

Short Gilts followed market trends to close 3/4 point up. The strongest response was in index-linked, which added a full point.

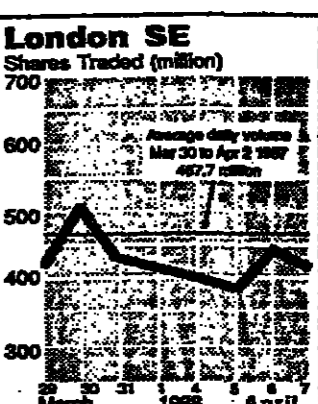
Wellcome rose by 23 to 479p on aggressive buying led by Fleming, the UK securities house...

Staley was trading some 36 above Tate's 324 a share tender offer on early dealings on Wall Street...

Other calls came off late in the day as securities house Kleinwort Grievson was said to have turned bearish of today's meeting of the OPEC pricing committee.

Barclays remained under persistent selling pressure after Thursday's blockbusting 3221m takeover offer...

A large agency cross involving 3.6m shares at a price of 177p called turnover in the John Groucher which, following the agreed merger with Coloplast...



LONDON TRADED OPTIONS

LONDON TRADED OPTIONS table with columns for Option, Calls, Puts, etc.

Base rates come down to 8%

CLEARING BANK base rates fell by half a point to 8 p.c. yesterday following a reduction in the Bank of England's dealing rates.

LONDON MONEY RATES table with columns for 3 months, 6 months, etc.

NEW HIGHS AND LOWS FOR 1987/88 table with columns for FT-SE, etc.

NEW HIGHS AND LOWS FOR 1987/88 table with columns for FT-SE, etc.

NEW HIGHS AND LOWS FOR 1987/88 table with columns for FT-SE, etc.

NEW HIGHS AND LOWS FOR 1987/88 table with columns for FT-SE, etc.

NEW HIGHS AND LOWS FOR 1987/88 table with columns for FT-SE, etc.

Handwritten notes and signatures at the bottom of the page.

EUROPEAN OPTIONS EXCHANGE

Table with columns for Series, May 88, Jun 88, Jul 88, Aug 88, Sep 88, Oct 88, Nov 88, Dec 88, and Stock. Lists various options series and their corresponding stock prices.

TOTAL VOLUME IN CONTRACTS: 26,629

A=Ask B=Bid C=Call P=Put

BANK RETURN

Table showing Banking Department and Issue Department returns. Banking Department includes Liabilities (Capital, Public Deposits, Bankers Deposits) and Assets (Government Securities, Advances and other Accounts). Issue Department includes Liabilities (Notes in circulation, Notes in Banking Department) and Assets (Government Debt, Other Government Securities).

BASE LENDING RATES

Table listing base lending rates for various banks and financial institutions. Includes columns for bank name, rate, and currency.

LEADERS AND LAGGARDS

Table showing percentage changes since December 31 1987 based on Thursday April 7 1988. Lists various sectors like Property, Chemicals, and others with their respective percentage changes.

RISES AND FALLS

Table showing rises and falls on the week. Lists various categories like British Funds, Corporations, and others with their respective rises and falls.

BIOTECHNOLOGY advertisement. Text: 'The Financial Times proposes to publish this survey on: 27 MAY 1988. For a full editorial synopsis and advertisement details, please contact: S. DUNBAR-JOHNSON on 01-248 8000 ext 4148 or write to him at: Bracken House 10 Cannon Street London EC4P 4BY. FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER'.

AUTHORISED UNIT TRUSTS

Large table listing various unit trusts and their performance. Columns include trust name, manager, and performance metrics. Includes sub-sections like Abbey Unit Trst, Abbey Unit Trst, Abbey Unit Trst, etc.

FT UNIT TRUST INFORMATION SERVICE

FT UNIT TRUST INFORMATION SERVICE

Handwritten Arabic text at the top center.

Main table containing financial data for various unit trusts, organized by category (e.g., Life Insurance, General, etc.) and listing details such as name, manager, and performance metrics.

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Main table containing unit trust information with columns for company name, address, phone, and various performance metrics.

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

Table listing management services and offshore/overseas unit trusts with columns for company name, address, phone, and performance data.

Handwritten signature or mark at the bottom center of the page.

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Investment Objective, and other details.

Table of British Funds, listing various funds with columns for Name, Investment Objective, and other details.

Table of Foreign Bonds & Rails, listing various international bonds and rail investments with columns for Name, Issuer, and other details.

Table of Americans, listing various American stocks and companies with columns for Name, Price, and other details.

Money Market Trust Funds and Money Market Bank Accounts sections, providing details on interest rates and investment options.

Money Market Bank Accounts section, providing details on bank account services and interest rates.

Money Market Bank Accounts section, providing details on bank account services and interest rates.

Money Market Bank Accounts section, providing details on bank account services and interest rates.

LONDON SHARE SERVICE

AMERICANS - Contd

Table listing American companies such as Amstar, Amstar Corp, Amstar Fibers, etc., with columns for stock price, price/earnings ratio, and other financial metrics.

CANADIANS

Table listing Canadian companies such as Alcan, Alcan Ltd, Alcan Fibers, etc., with columns for stock price, price/earnings ratio, and other financial metrics.

BANKS, HP & LEASING

Table listing financial institutions and leasing companies such as Bank of Montreal, Bank of New York, etc., with columns for stock price, price/earnings ratio, and other financial metrics.

BUILDING, TIMBER, ROADS Contd

Table listing companies in the building, timber, and roads sectors such as Amstar, Amstar Corp, etc., with columns for stock price, price/earnings ratio, and other financial metrics.

CHEMICALS, PLASTICS

Table listing chemical and plastic companies such as Amstar, Amstar Corp, etc., with columns for stock price, price/earnings ratio, and other financial metrics.

DRAPERY AND STORES

Table listing drapery and store companies such as Amstar, Amstar Corp, etc., with columns for stock price, price/earnings ratio, and other financial metrics.

BUILDING, TIMBER, ROADS

Table listing companies in the building, timber, and roads sectors such as Amstar, Amstar Corp, etc., with columns for stock price, price/earnings ratio, and other financial metrics.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit companies such as Amstar, Amstar Corp, etc., with columns for stock price, price/earnings ratio, and other financial metrics.

DRAPERY AND STORES - Contd

Table listing drapery and store companies such as Amstar, Amstar Corp, etc., with columns for stock price, price/earnings ratio, and other financial metrics.

ELECTRICALS

Table listing electrical companies such as Amstar, Amstar Corp, etc., with columns for stock price, price/earnings ratio, and other financial metrics.

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ENGINEERING - Contd

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INDUSTRIALS (Misc.) - Contd

Table listing miscellaneous industrial companies such as Amstar, Amstar Corp, etc., with columns for stock price, price/earnings ratio, and other financial metrics.

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FOOD, GROCERIES, ETC

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HOTELS AND CATERERS

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INSURANCES

Table listing insurance companies such as Amstar, Amstar Corp, etc., with columns for stock price, price/earnings ratio, and other financial metrics.

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Monday April 9 1988

LONDON SHARE SERVICE

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INSURANCES - Contd

Table listing insurance companies and their share prices.

LEISURE

Table listing leisure-related companies and their share prices.

MOTORS, AIRCRAFT TRADES

Table listing motor and aircraft trade companies and their share prices.

Commercial Vehicles

Table listing commercial vehicle companies and their share prices.

Components

Table listing component companies and their share prices.

Garages and Distributors

Table listing garage and distributor companies and their share prices.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publisher companies and their share prices.

PAPER, PRINTING, ADVERTISING

Table listing paper, printing, and advertising companies and their share prices.

SHIPPING

Table listing shipping companies and their share prices.

SHOES AND LEATHER

Table listing shoes and leather companies and their share prices.

SOUTH AFRICANS

Table listing South African companies and their share prices.

TEXTILES

Table listing textile companies and their share prices.

PAPER, PRINTING, ADVERTISING - Contd

Table listing paper, printing, and advertising companies and their share prices.

PROPERTY

Table listing property-related companies and their share prices.

TOBACCO

Table listing tobacco companies and their share prices.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land companies and their share prices.

TRUSTS, FINANCE, LAND - Contd

Table listing trusts, finance, and land companies and their share prices.

TEXTILES - Contd

Table listing textile companies and their share prices.

TRUSTS, FINANCE, LAND - Contd

Table listing trusts, finance, and land companies and their share prices.

TRUSTS, FINANCE, LAND - Contd

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TRUSTS, FINANCE, LAND - Contd

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OIL AND GAS - Contd

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MINES - Contd

Table listing mining companies and their share prices.

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Stock Exchange listing information and notes.

Regional & Irish Stocks section header.

Traditional Options section header.

Additional notes and information at the bottom of the page.

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Saudis back official Opec oil price

BY STEVEN BUTLER

SAUDI ARABIA yesterday signalled its determination to uphold the Organisation of Petroleum Exporting Countries' official oil price of \$18 a barrel in advance of today's meeting in Vienna of Opec's price committee.

King Fahd took the unusual step of issuing a statement which appeared to diminish chances that the meeting would recommend changes in the cartel's production agreement.

He attributed oil price weaknesses to discounting by other members, who in his view were cheating on the organisation's agreement. He denied widespread reports that the Saudis were

themselves cutting prices.

The statement was made as the Paris-based International Energy Agency said that Opec's control over the world oil market was being further eroded by increases in non-Opec production.

The IEA reported that oil supplies in the first quarter of the year were boosted by 300,000 barrels a day of new production from North Yemen and by a 200,000 b/d increase in exports from the Communist countries.

Total year-on-year world supply for the quarter rose by 2.3m b/d to 47.5m b/d, while consumption fell by only 0.6m b/d, to 46.9m b/d.

Today's Vienna meeting fol-

lows months of weakness in oil prices, which hit a 16-month low in early March, when they stood roughly \$4 below the Opec reference price.

The latest round of talks was made possible two weeks ago, when Saudi Arabia suddenly ceased claiming a meeting would be pointless. The about-face had raised expectations that the Saudis might support efforts to trim Opec production, but this appeared less likely after yesterday's statement by King Fahd, who said prices would rise if Opec solidarity were improved.

Oil analysts have expressed doubts that concrete steps will emerge from the meeting. The

price committee, composed of oil ministers from Saudi Arabia, Nigeria, Venezuela, Indonesia and Algeria, has authority to call an extraordinary full Opec meeting to consider any proposals.

Convening such a meeting in the near future, however, would be extremely difficult because of the start of the Muslim holiday of Ramadan later this month. A full ministerial meeting is scheduled for early June.

The IEA said that oil production by Opec in March reached 17.6m barrels a day, against 17.4m b/d in February. This means that all Opec members are producing roughly in line with the cartel's self-imposed quotas.

No smoke without ire in New York

By Janet Bush in New York

YOU CAN still do it during a baseball game at the Yankee Stadium. There is no problem at your local bowling alley as long as you do it in the right lane. And it is still perfectly acceptable to do it in the street.

However, you will not get away with it in a lift. It is not allowed within 20ft of the front desk in a hotel. And heaven forbid if you try to smoke one in the back of a cab.

New York's defiant ban of nicotine addicts will have to get used to a long list of dos and don'ts to comply with tough anti-smoking laws which came into effect this week.

The regulations, described by the city's health department as the best in the country (without specifying best for whom), ban smoking in most public places and require employers to provide smoke-free areas in offices and factories.

The Clean Indoor Air Act was passed by the city administration against formidable opposition from tobacco companies and assorted liberals.

Mr Ed Koch, the mayor, is a reformed smoker, having kicked the habit in 1983.

The regulations are even stricter than laws in California, the source of practically every clean-living, health-conscious trend to have spread across the US to the East coast.

They ban smoking in department stores with more than 150 patrons (at one time) or 15 employees, museums, all public transport, including cabs, and in sports arenas. An outdoor arena like the Yankee Stadium escapes unscathed.

Bowling alleys are an anomaly. The law allows smoking in 50 per cent of the lanes, a mystery to the health department which assumes there must be top-level smokers in the administration who like bowling.

Most affected are restaurants and offices. Restaurants with seating for more than 50 people must have half their tables set aside for non-smokers.

Intimate little bistros where other people's smoke can be readily irritating are exempted. Mr Barry Adkins, of the health department, said he hoped the new laws would be self-enforcing. He could not imagine police officers arresting people who lit up in a betting shop (where it is banned).

None the less, breaking the law can result in a fine of \$50 for a first offence, \$100 for a second and \$200 for a third violation. Individuals can be fined up to \$50 per offence.

Mr Adkins said New Yorkers had 60 days to adjust to the laws and that no one would be fined until after this deadline.

The Chelsea Hotel, haunt of actors and rock stars such as Sid Vicious of the Sex Pistols who murdered his girlfriend there, said: "Smoking Act? We don't know about it." A Waldorf Hotel spokesman said: "I can't discuss it. I'm going to a shooting now and there is no one else who can discuss it."

At the magazine Village Voice, New York's bastion of trendy liberalism, one journalist said: "I expect we will all smoke pot."

CAP merger in doubt as dawn raider takes 15%

By David Thomas in London and George Graham in Paris

THE PLANNED merger between CAP Group, one of Britain's leading computing services companies and Sematec of France was thrown into jeopardy yesterday when a continental group took a 15 per cent stake in CAP in a dawn raid.

S G Warburg, the investment banking group, acting for the unnamed buyer, said it did not intend to make a full bid. However, it left open the possibility that a further stake might be acquired up to a limit of 29.9 per cent, the maximum allowed under City rules before a bid must be made.

The proposed merger, which was announced last month and is due to be ratified by CAP shareholders next Friday, is the latest in a string of moves to restructure the European industry to create companies to match the dominant US groups.

The combined group - to be called Semacap - would have turnover of about \$250m and a staff of 6,000, making it one of the few European computing services companies to rank in the world's first division.

S G Warburg paid \$3 each for 6m CAP shares, a hefty premium over yesterday's opening price of 20p.

CAP's shares immediately jumped 8p to 28p, before drifting down to close at 29p. The shares of Logica, one of the few remaining sizeable independent UK software houses, also rose on the back of intense speculation in the sector, closing up 3p at 24p.

Warburg told CAP that its client had friendly intentions and did not want to disrupt the Sematec merger. It said its client wished to pursue commercial ventures with CAP, implying that the purchaser was also a high-technology concern.

CAP said: "We certainly do not interpret it as friendly."

Speculation centred on the unrelated French group, CAP Gemini Sogefi, which is the largest European-owned computing service company, as the most likely candidate for the mystery buyer. CAP Gemini officials were not available for comment.

CAP remained confident that the merger would go ahead and most City analysts took the view that the purchaser had the latitude formally to stop the merger.

However, some said the premium paid for the 15 per cent stake may put a question mark on the merger price of 24 CAP shares for each Sematec share.

Mayhew remanded on £1/2m bail

BY NICK BUNKER

MR DAVID MAYHEW, a partner in Casenove and Co, the stock-broking firm, made a 25-minute appearance at Bow Street magistrates court in London on Friday to face three charges arising from the Guinness affair.

He was remanded on conditional bail of £500,000 and will appear at Bow Street again on July 11.

The other six defendants in the Guinness case, including Mr Ernest Saunders, the drinks group's former chief executive, are also expected to be remanded until July 11 when they appear in court again next Tuesday.

Mr Mayhew, 47, is senior corporate finance partner at Casenove, a discreet and deeply public-spirited firm with the reputation of being the City of London's most influential securities house.

Mr Mayhew, a tall, slender Old Etonian, arrived at the court opposite Covent Garden's Royal Opera House at 10.30am in a chauffeur-driven grey Ford Granada. He was flanked by Mr John Kemp-Welch, one of Casenove's two joint senior partners.

Also with Mr Mayhew was Sir Michael Colman, chairman of Reckitt & Colman, the food and consumer products group. Mr Kemp-Welch and Sir Michael each stood bail for Mr Mayhew for £250,000.

Neither Mr Mayhew nor Mr Kemp-Welch would respond to reporters' questions before or after the hearing as they strode through a group of about 20 reporters and photographers gathered outside the court.

During the hearing, Mr Mayhew faced three charges relating to alleged events in April 1986 during the takeover bid by Guinness for Distillers, the Scottish drinks group.

They allege that he helped Guinness in an attempt to persuade Distillers shareholders to sell their shares by dishonestly concealing the fact that another company, Pipetec, was acting in concert with Guinness.

They also allege that he helped Guinness breach the Companies Act 1985 by failing to disclose that Guinness and Pipetec had bought 10.8m Distillers shares.



Mr Mayhew at Bow Street magistrates court

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The third charge says that he helped Guinness break the law

by giving financial assistance to Pipetec via a deposit of £76m with Casenove.

As part of his bail conditions, the court ordered him to surrender his passport to the police and stay at an address notified to them.

He will also have to give the police 24 hours' notice if he wishes to leave the country and give them an itinerary of his travel plans.

Reporting restrictions were not lifted.

Aggressive prosecuting, Page 7

British Gas faces prices probe

BY MAX WILKINSON, RESOURCES EDITOR

A GROUP of British Gas customers, including the Post Office and Imperial Chemical Industries, has complained to the Monopolies and Mergers Commission claiming the gas company is trying to freeze out competing suppliers.

The customers have been angered by British Gas's recent practice of asking "intrusive questions" when they have sought terms for transporting gas through its pipelines.

Under the 1986 Gas Act, British Gas is obliged to publish specimen tariffs for carrying other suppliers' gas, which it must agree to carry where practicable.

However, when it has been asked by large organisations to give more details of its terms for transportation, it has issued a three-page questionnaire demanding the name of the alternative supplier and the use to which the fuel would be put.

Mr Andrew Bainbridge, secretary of the Major Energy Users' Council, which filed the complaint to the Monopolies Commission, said: "The information is

not needed to enable British Gas to quote transmission costs. It simply affords an opportunity to apply pressure on a competitive producer which negates the concept of a free market."

The council is likely to win strong support from the Office of Gas Supply (Ogas), which was set up by the Government to supervise the privatised industry.

Mr James McKinnon, director general of Ogas, has not been asked for a ruling on the issue but has made no secret of his dislike of British Gas's practice of asking customers about their use of gas supplies.

British Gas is said to use information about the end use of its fuel to obtain the highest possible price from its industrial customers. For example, in an application where gas was competing against electricity, it would seek a higher price than if the alternative were coal or heavy fuel oil.

Mr Bainbridge said 10 large companies were looking at the possibility of buying gas directly from North Sea suppliers in order

to fuel combined heat and power plants. These would generate electricity as well as supplying heat for industrial processes.

However major users say British Gas has been reluctant to provide guidance on how it plans to calculate tariffs for transporting gas for such schemes, claiming that this might pre-empt the discussions of the Monopolies Commission which is investigating the corporation's pricing in the industrial market.

British Gas will charge 38p a therm to domestic customers this year and about 30p to industrial users. It pays about 18p per therm to North Sea producers supplying from recently developed fields, leaving a margin to be split between producers and users if they can deal directly.

The Monopolies Commission is expected to complete its report this year. British Gas said: "We are not prepared to comment while the Monopolies Commission is investigating the matter."

Spain and Norway in gas deal, Page 2

Management of world debt criticised

BY ANTHONY HARRIS IN WASHINGTON

MANAGEMENT of the international debt problem is hampered by lack of leadership from the international institutions, which are moving sideways rather than forward, according to a Washington-based think tank on debt issues supported by commercial banks in 38 countries.

In a letter to the chairman of the Interim and Development Committee of the International Monetary Fund - the finance ministers and central bank governors of the developed countries, who meet in Washington next week - Mr Horst Schulmann, managing director of the Insti-

tute for International Finance, calls for measures to help commercial banks play a larger role.

"The dominant impressions of debt management are lack of leadership, and increasing stagnation," he said. "Creditors governments have not done enough to provide more official financing or to open their economies, and they have failed to make effective use of international financial institutions."

Mr Schulmann criticises the IMF for excessive short-term lending and says it remains a substantial taker of funds from

the debtor countries.

The World Bank is attacked for failing to mobilise commercial bank flow, which could be enhanced by a greater willingness to underwrite credit risk from the Bank. "If new bank lending is to come forth in adequate amounts, ways must be found to provide measurable credit enhancement," he argues.

The letter also revives a proposal made by the Institute last year that the IMF should make a special issue of SDRs (special drawing rights) to the principal debtors to provide collateral for their borrowing.

Continued from Page 1

Kuwait

However, air traffic controllers were under strict instructions from Lebanese and Syrian political authorities not to allow it to land. "Don't get angry... I cannot allow you to land," replied the control tower.

The confrontation threatened a terrifying escalation in the worst hijack crisis to hit the Middle East since 1985 and threatened to send shock waves through the entire region.

Any prolonged hostage crisis at Larnaca would - albeit indirectly - pit Kuwait, the vulnerable but wealthy emirate at the northern end of the Gulf, against Iran, which is broadly sympathetic to the hijackers' cause. It may raise questions about a more direct Iranian involvement.

The hijackers, who are believed to belong to various Shia Muslim groupings broadly sponsored by Iran, including Leb-

anon's Hizbollah (Party of God), are demanding the release of 17 Arab militants imprisoned in Kuwait in 1984 following bomb attacks on the US and French embassies there the previous year. Kuwait has consistently refused to consider the demand.

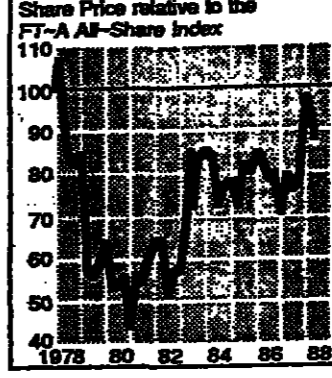
Earlier in the day, 37 passengers - including 28 Britons - who had been freed by the hijackers arrived in Kuwait, harrowed but unharmed. Most of the Britons flew on to London.

THE LEX COLUMN

An ad hoc plan for sterling

FT Index rose 14.0 to 14134

Tate & Lyle Share Price relative to the FT-A All-Share Index



Gas has beaten the market by about 10 per cent since its flotation, its performance since the crash has been surprisingly weak, given its quintessentially defensive nature. As well as the weight of the final payment, the mild winter - which could reduce this year's profits by as much as 10 per cent - and the monopolies enquiry, have together meant that only half of its relative rise in October has been maintained. But as the odd spot of warm weather is of no long term consequence, and as the M&C is unlikely to recommend anything punishing, the share price still seems a little low, given its prospective 5 1/2 per cent yield. After all, British Gas does have the advantage over other yield stocks that it is not suddenly going to hit its shareholders for 52p.

Tate & Lyle

Some panacheurs are definitely more golden than others, and Tate & Lyle is not alone in thinking that \$43.7m for five top Staley executives - coupled with perhaps \$100m more for half-out contractions in lesser metals for the lesser staff - is a lot to pay for a bit of corn syrup.

Obviously, there is no question of the company spending the equivalent of 2 1/2 years of Staley's earnings to sweeten a few employees, and Tate & Lyle is putting a bit of business the way of the Delaware courts to get the matter sorted out. Staley, for its part, has already shown a truly all-American enthusiasm for litigation with its suit against Dressel Burnham Lambert. And, while it may not be fair to com-

British Gas

A five per cent rise in the British Gas share price seems an odd way to greet the last day on which the shares can be sold partly paid. The market had become terrified lest the 3 million shareholding Sids proved too skint to pay the extra 40p. But, with no signs of mass selling so far, the market decided to bring forward its celebrations.

In choosing to stay with the giant gas utility for a bit longer, investors have probably done the right thing. Even though British

other people's smoke can be readily irritating are exempted. Mr Barry Adkins, of the health department, said he hoped the new laws would be self-enforcing. He could not imagine police officers arresting people who lit up in a betting shop (where it is banned).

None the less, breaking the law can result in a fine of \$50 for a first offence, \$100 for a second and \$200 for a third violation. Individuals can be fined up to \$50 per offence.

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At the magazine Village Voice, New York's bastion of trendy liberalism, one journalist said: "I expect we will all smoke pot."

RAT CATCHING, GARBAGE COLLECTING, DRUG DEALING

(and 197 other ways to be one of the 200 smartest companies in Britain).

This month we're lifting the lid off the 200 fastest growing companies in Britain.

Some of them may sound a little obscure today, but from our list will undoubtedly emerge the Hansons and BTs of tomorrow.

Which ones? And why? Thirty pages of detailed analysis will give you the answers.

Also we'll be taking a look at the extraordinary comings and goings at Citicorp, Birmingham, big yachts in the Americas Cup, huge container ships from Taiwan, junk food. And as a perk we feature a special report on company cars.

BUSINESS Magazine - once again you simply can't do business without it.

BUSINESS

CHIEF LONDON PRICE CHANGES YESTERDAY

RISES	FALLS
AMEC	Lucas Inds.
Admiral Computing	Peat Marwick
Allied-Lyons	P & O
Argyle Trust	Polly Peck Int'l.
Brit. Gas	Rowntree
Brit. Aerospace	Scott & Newcastle
CAP Group	Standard Chartered
Christies Int'l.	VPI
Goldberg (A.)	Wellcome
Lloyds Bank	Jaguar
Logica	Tate & Lyle

WORLDWIDE WEATHER

Year	Temp	Wind	Humidity	Pressure	Cloud	Vis	Wind	Temp	Wind	Humidity	Pressure	Cloud	Vis
Abuja	22	12	70	1012	100	10	10	22	12	70	1012	100	10
Algeria	22	12	70	1012	100	10	10	22	12	70	1012	100	10
Amsterdam	12	15	80	1015	100	10	10	12	15	80	1015	100	10
Athens	18	15	70	1015	100	10	10	18	15	70	1015	100	10
Bahamas	28	15	70	1015	100	10	10	28	15	70	1015	100	10
Bangkok	28	15	70	1015	100	10	10	28	15	70	1015	100	10
Bombay	28	15	70	1015	100	10	10	28	15	70	1015	100	10
Buenos Aires	18	15	80	1015	100	10	10	18	15	80	1015	100	10
Calcutta	28	15	70	1015	100	10	10	28	15	70	1015	100	10
Cardiff	12	15	80	1015	100	10	10	12	15	80	1015	100	10
Chennai	28	15	70	1015	100	10	10	28	15	70	1015	100	10
Cairo	28	15	70	1015	100	10	10	28	15	70	1015	100	10
Canberra	18	15	80	1015	100	10	10	18	15	80	1015	100	10
Chengde	18	15	80	1015	100	10	10	18	15	80	1015	100	10
Colombo	28	15	70	1015	100	10	10	28	15	70	1015	100	10
Copenhagen	12	15	80	1015	100	10	10	12	15	80	1015	100	10
Doha	28	15	70	1015	100	10	10	28	15	70	1015	100	10

C-Cent, D-Direct, F-Fin, G-Gas, H-Heat, I-Ind, J-Jet, K-Kin, L-Local, M-Met, N-Nat, O-Other, P-Port, Q-Quota, R-Rate, S-Sale, T-Tax, U-Unit, V-Value, W-Weight, X-Exchange, Y-Yield, Z-Zero

Edgy City copes with record Barclays issue

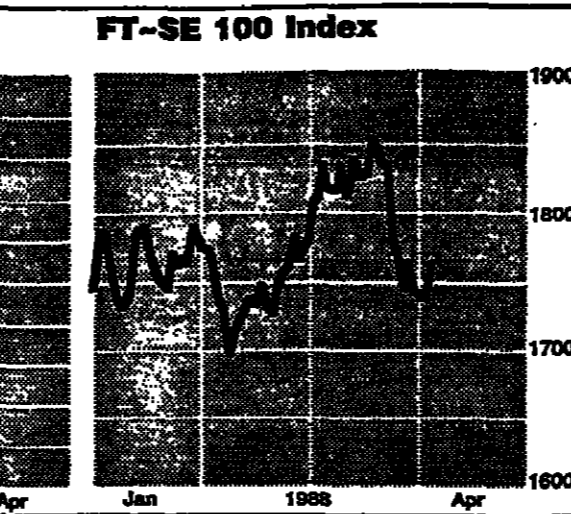
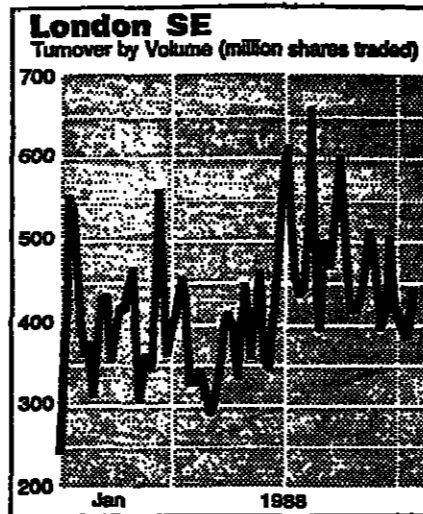
TWO YEARS AGO, in a raging bull market, a record £724m cash call from National Westminster sent the London stock market indices plunging. For a further two months, the bull trend broke. This week, by contrast, a distinctly edgy market shrugged off an even larger issue from Barclays and continued to track forward modestly.

Little wonder, then, that small investors sometimes gulp, wonder, and accuse the market of perverse behaviour. After all, at £251m, Barclays' top represents the biggest-ever cash call from a banking group and is second only to the £1.5bn rights funding

overseas/exporters' profits, there is no doubt which scenario the market prefers.

With this underlying dilemma painfully evident, the initial securities for a foreshortened week's trading looked grim as City folk trickled back to their screens on Tuesday. Business on the equity market front declined to a dribble and, over on the foreign exchanges, sterling pushed ahead against the D-mark, topping the DEM13 barrier.

That was enough to depress export-oriented stocks despite signs of intervention by the US authorities on the dollar front, and a lacklustre FT-SE 100 Share index nudged five points lower.



At least there is every sign that the corporate sector knows it should not - indeed, cannot - push its luck. The Barclays call itself takes the form of a deep discount issue, thereby dispensing with the underwriting problem and saving the clearer some £22m in costs. And on Friday, to further general relief, Tate & Lyle asked for only £206m from shareholders in context with a hostile £1.5bn bid for US syrup group Staley Continental - and that through the issue of higher-yielding convertibles. Better still, should the bid fail only \$64m will be raised.

The rest of the Staley purchase price will be met by bank loans - part of which will be repaid by subsequent asset sales. On Thursday, rumours of the Tate bid had given the shares a nasty start, knocking them 30p lower at 740p. On Friday, confirmation of the deal had a less damaging effect; they dropped another 9p.

Tate must hope that it has an easier ride than building group Besser; its £1.7bn bid for Koppers was extended on Thursday as the offer became trapped in legal quagmire.

Round at textile group John Crowther, another long-mooted rumour came to fruition as John Ashcroft's ever-active James Furness group Colvill launched a £206m recommended bid. Yet again, market influences were in ample evidence. The deal is being presented a straightforward merger and financed by a one-for-one share swap. No cash alternative, no underwriting. Some facts of market life are painfully clear.

Nikki Tait

London

On Wednesday, though, matters became more cheerful amid clear signs that the Bank of England was heading off a breach of the DEM14 level. And come Thursday - despite the authorities' failure to prevent a surge through that barrier - the market had started to fix its eyes on the possibility posed by the US authorities of a dollar front, and a lacklustre FT-SE 100 Share index nudged five points lower.

On the one hand, there is the school of thought which points to underlying inflationary trends - the high level of demand for personal credit, consumer spending trends, plus wage rate pressures - and argues for the relatively high interest/high starting policy.

On the other, there is the industry lobby's pressure which coincides with forecasts of slower economic growth in 1988 and thereafter - and the balance of payments problem. With the impact of the high pound on

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fall in line shortly afterwards. The market's reaction was modestly gleeful. Having drifted some five points higher ahead of the Bank's signal, it promptly doubled that gain in minutes. Thereafter, it firmed gently throughout the afternoon to leave Footsie 187 points higher on the day at 1,773.7, a gain of 37.2 on the week.

However, this fixation on the interest/exchange rate front is not the only reason for the immediate optimism surrounding the Barclays tap. Most analysts stress that it should be seen in the context of the overall state of institutional coffers.

There is a general consensus that the institutions' year-end cash holdings accounted for almost 4.5 per cent of total assets - in round numbers, something approaching £30m - compared

with a typical 3 per cent level seen at previous year-ends recently. The end-1987 figure was almost certainly rather higher for the pension funds and general insurance companies, and somewhat lower for the life companies and smaller unit trust funds. Indeed, most analysts cite anecdotal evidence of pension funds with as much as 10 per cent of their assets in ready money.

This position has almost certainly strengthened in the first quarter. Recent estimates by Wood Mackenzie suggest that the £6bn invested in the first quarter of 1988, a third could have gone into liquid assets. Equities, they reckon, might have eaten up only £800m, and gilts £700m. Moreover, completion of the post-crash bid wave has continued to put money back into shareholders' pockets.

It remains true, of course, that the Barclays fund-raising coincides with the final tranche due on British Gas - a not inconsiderable £1.66bn which falls due on April 19. Come May, there is the £775m second instalment on BAA to be paid as well.

That, in itself, should pose little strain given the present institutional liquidity position. The more fundamental question is how enthusiastic fund managers will be about backing the UK equity market while the exchange front remains unsettled.

At ever, there are bullish voices and there are bearish voices. But most agree on a common-sense view - that the large measure of edginess already hanging over the London equity market will not be quickly dispelled.

Junior Markets

IF YOU ARE shopping in Tesco's today, take a breather by the hot bread counter and glance upwards. That pristine, white-painted suspended ceiling above you is up for sale. Well, not exactly that ceiling, but the company which installs and distributes them.

Suspended ceilings raise high hopes



Simon Skeldon

year-old. An early partner, the "Ros" of Roskel, soon departed and Skeldon has built-up and expanded the business gradually. In the past five years, pre-tax profits have increased threefold - from £500,000 to more than £1.5m last year - on turnover up from £9m to £20m.

The company is capitalised at £15m and the historic price/earnings ratio is between 12 and 14.

The group has two divisions, contracting and distribution. Roskel Contracts is the suspended ceilings installation business, with four branches - in Birmingham, Edmonton in north London, Croydon in south London, and Glasgow.

CP Supplies, the distribution business, has seven depots across the country. Ward White's core business is the suspended ceilings installation business, with four branches - in Birmingham, Edmonton in north London, Croydon in south London, and Glasgow.

business, and a fair amount for Sainsbury and Asda.

When you consider that large retail stores change their ceilings every five years or less, it is not a bad business to be in.

Simon Skeldon started the company in 1988 as a keen 28-

ing and tower hire business and we want to open a further division in another area of the building trade."

Roskel is one of the top four suspended ceiling contractors in the country, with a 3 to 4 per cent share of the estimated £200m UK market in this sector. Seventy per cent of the business is retail, the balance in office and commercial developments.

"Office work in particular is a booming area and one we wish to expand in," says Skeldon.

HIGHLIGHTS OF THE WEEK

Company	Price y/day	Change on week	1987/88 High	1987/88 Low	Comments
FT Ordinary Index	1431.4	+44.7	1826.2	1232.0	Currency stability hopes
AMEC	361	+21	449	252	Recommended following results
Argyle Trust	92	+21	228	58	Revised speculative interest
Baird (William)	493	+40	555	290	Floating annual results
Barclays	425	-50	655	364	£251m rights issue
Benzel	139	-18	278	137	Annual figures disappointing
County Properties "B"	105	+54	265	140	Bid from Broadlands Properties
EEF (Holdings)	298	+70	295	50	Record output and sales
Guthrie Corp.	271	+16	298	138	Malaysian Gov. may sell 61% stake
London & Manchester	282	+38	369	184	Better-than-expected profits
Mercal	139	+54	141	58	Bid from Croy Electronics
Freedy (Alfred)	223	+71	226	98	Agreed bid from Next
Reckitt & Colman	824	+34	1121	668	Good preliminary figures
Shepherd Computer	283	+48	393	160	Annual profits up 90%
Tate & Lyle	740	-42	944	650	US bid & £206m rights issue

The bulk of the contracting cost ranges from £50,000 to £200,000 and something like 25 to 30 per cent of the company on the USA. The sponsor is G.Alexanders Laing & Cullshank.

This is also the case during refurbishment or when companies instal new or up-dated electrical, mechanical or acoustic systems in their shops, a new ceiling is usually required.

The size of the ceiling is immaterial. Roskel will do the smallest boardroom or a 10,000 square metre ceiling in a superstore. The

RESULTS DUE

Company	Announcement date	Dividend by Last year	Dividend by This year
AMEC	Monday	2.8	0.8
Argyle Trust	Monday	0.7	0.7
Baird (William)	Monday	1.7	1.5
Barclays	Monday	0.8	0.8
Benzel	Monday	0.2	0.2
County Properties "B"	Monday	0.2	0.2
EEF (Holdings)	Monday	0.2	0.2
Guthrie Corp.	Monday	0.2	0.2
London & Manchester	Monday	0.2	0.2
Mercal	Monday	0.2	0.2
Freedy (Alfred)	Monday	0.2	0.2
Reckitt & Colman	Monday	0.2	0.2
Shepherd Computer	Monday	0.2	0.2
Tate & Lyle	Monday	0.2	0.2

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

Quoted rate %	Compounded return for taxpayers at		Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
	25%	40%				
CLEARING BANK*						
Deposit account	2.40	2.43	2.00	monthly	1	0-7
High interest cheque	4.60	4.70	3.86	monthly	1	0
High interest cheque	5.00	5.12	4.21	monthly	1	0
High interest cheque	5.40	5.54	4.55	monthly	1	0
High interest cheque	5.80	5.96	4.90	monthly	1	0
BUILDING SOCIETY†						
Ordinary share	4.00	4.04	3.23	half-yearly	1	0
High interest access	5.75	5.75	4.60	yearly	1	0
High interest access	6.00	6.00	4.80	yearly	1	0
High interest access	6.50	6.50	5.20	yearly	1	0
High interest access	6.75	6.75	5.40	yearly	1	0
90-day	6.85	6.85	5.49	half-yearly	1	0
90-day	7.00	7.12	5.70	half-yearly	1	0
90-day	7.25	7.38	5.90	half-yearly	1	0
NATIONAL SAVINGS						
Investment account	10.00	7.50	6.00	yearly	2	30
Income bonds	10.50	8.27	6.61	monthly	2	30
Deposit bond	10.50	7.88	6.30	yearly	2	90
33rd issue	7.00	7.00	7.00	not applica	3	3
Yearly plan	5.40	7.00	7.00	not applica	3	14
General extension	5.76	5.76	5.76	not applica	3	8
MONEY MARKET ACCOUNTS						
Schroder Wagg	5.56	5.70	4.56	monthly	1	2,500 minimum
Provincial Trust	6.38	6.57	5.26	monthly	1	1,000 minimum
BRITISH GOVERNMENT STOCKS						
5pc Treasury 1985-89	7.31	6.03	5.27	half-yearly	4	0
5pc Treasury 1992	8.65	6.62	5.41	half-yearly	4	0
10.25pc Exchequer 1995	9.08	6.61	5.13	half-yearly	4	0
3pc Treasury 1990	6.47	5.68	5.22	half-yearly	4	0
3pc Treasury 1992	6.92	6.10	5.61	half-yearly	4	0
Index-linked 2pc	7.01	6.50	6.20	half-yearly	2/4	0

*Lloyds Bank. †Halfpenny 90-day; immediate access for balances over £5,000. ‡Special facility for extra £5,000. §Source: Phillips and Drew. ¶Assumes 4.5 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

Lose some, win some

However, Philip Birch, the chairman and managing director, should report strong performance from Ward White's core business. Heard and Pagnies, the DIY chain, and a good first full year from Whitlock, the US car parts chain.

APV, the rapidly expanding food and drink processing equipment manufacturer will announce its 1987 results on Wednesday. Analysts expect pre-tax profits to rise to £42m, compared with £27.5m for 1986, following the acquisitions last year of Baker Perkins, a British based process engineer and Pacific, the

Results Due

APV, which in January changed its name from APV Baker, has undergone a radical restructuring with the reduction of more than 300 divisions to nine main subsidiaries.

For more than 30 years, investors have been less concerned with the details of the SAVOK hotel group's trading performance than with its ingenuity in fending off the attentions of unwanted predators, only the latest of which is Trusthouse Forte.

On Tuesday, when the proprietor of the Savoy, Claridge's, the Comaught and the Berkeley reports its 1987 results, astute comment on THEP's latest manoeuvres in the courtroom is as much expected as pre-tax profits in the range of £14.5m to £15.5m, up from £12.1m in 1986.

RESULTS DUE

Company	Announcement date	Dividend by Last year	Dividend by This year
AMEC	Monday	2.8	0.8
Argyle Trust	Monday	0.7	0.7
Baird (William)	Monday	1.7	1.5
Barclays	Monday	0.8	0.8
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County Properties "B"	Monday	0.2	0.2
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London & Manchester	Monday	0.2	0.2
Mercal	Monday	0.2	0.2
Freedy (Alfred)	Monday	0.2	0.2
Reckitt & Colman	Monday	0.2	0.2
Shepherd Computer	Monday	0.2	0.2
Tate & Lyle	Monday	0.2	0.2

COMPANY NEWS SUMMARY

Company	Value of bid	Market price	Offer price	1 share of bid	Notes
Biffell	500	305	254	2.52m	SP
City Merch Derf	92	100	89.70	1.5	Italy bid
County Prop.	205 1/2	196	172	212.0	Brooklands Prop
Coverlet (L)	170	172	174	212.0	Colwell
Est. Prop. Int.	240	273	238	63.84	Penbury Prop.
Fleming's Group	270	273	265	65.47	Gilbert
Glass Glover	193 1/2	193	170	66.29	Thompson's Int.
Hammond Group	240	245	240	37	Haywards Club
Kennedy Brooker	410	408	391	173.35	Triffitt's Park
Manoil	146	139	85	20.8	Cray Elect.
Monogate Mem. & Equip	135	135	138	34.34	Westchester Int.
Proby (A.)	254	223	152	21.33	New
Shaw Int.	64	61	53	6.57	Tarmac
Staley Cont.	170	168	140	16.65	Shannon
Thames Valley	200 1/2	201	190 1/2	185.73	Aspatic Int.
Wiggle	225 1/2	223	209	16.00	Deven

PRELIMINARY RESULTS

Company	Year	Pre-tax profit	Dividend	Dividend per share
Abney Ltd	Dec 87	48,000 (38,800)	(-)	10.2 (8.8)
Acorn Group	Dec 87	3,200 L (1,000)	(1.5)	(-)
Adrian Lakes	Sept 87	829 (282 L)	3.6	1.5 (5.5)
Alexander Work	Dec 87	5,100 (3,860)	10.0 (7.9)	3.2 (2.6)
AMEC	Dec 87	34,500 (30,530)	34.5 (30.0)	13.0 (12.0)
Anglo East Plant	Dec 87	427 (288)	1.0 (0.6)	(-)
Apogon	Jan 88	2,900 (3,100)	9.5 (10.7)	3.0 (2.5)
Ash & Lacy	Jan 88	4,100 (3,300)	55.6 (46.8)	30.0 (24.0)
Ass Dale Parts	Dec 87	28,000 (26,000)	29.6 (22.4)	7.5 (6.8)
Assoc. Hardware	Dec 87	516 (167)	2.4 (0.9)	(-)
Baker William	Dec 87	25,700 (18,400)	44.1 (32.2)	12.9 (11.1)
Beacon Group	Dec 87	1,360 L (279)	(3.5)	(-)
Benzel	Dec 87	6,500 (909)	10.4	4.5 (2.8)
Berry Black	Dec 87	12,500 (8,500)	6.5 (5.8)	1.2 (1.0)
Blackwood Hedge	Dec 87	956 (576)	7.0 (4.6)	3.0 (-)
Bostland	Dec 87	1,380 (380)	2.2 (0.4)	0.5 (0.1)
Brumner	Dec 87	11,500 (12,600)	18.1 (19.1)	5.2 (4.7)
Bunell	Dec 87	6,500 (64,200)	13.1 (11.9)	5.0 (4.2)
Burroughs	Dec 87	73,500 (56,100)	41.5 (33.5)	16.5 (14.0)
Chryson Prop	Dec 87	14,100 (5,010)	27.0 (14.4)	8.5 (7.5)
City (Wholesale)	Jan 88	713 (349)	38.7 (27.2)	12.9 (10.5)
Empire Steels	Jan 88	7,870 (8,850)	12.5 (14.5)	5.2 (4.7)
Esch	Dec 87	4,430 (2,840)	7.4 (5.2)	3.0 (2.1)
Falvey Pack	Dec 87	1,170 (973)	8.9 (7.3)	4.0 (3.5)
Globe & Phoenix	Sept 87	65 L (68)	(-)	1.2 (1.2)
Holmes of London	Dec 87	2,150 (1,730)	3.2 (2.7)	1.6 (1.8)
Homes of London	Dec 87	754 (1,680)	7.2 (11.7)	3.8 (3.5)
Homes of London	Dec 87	1,100 (3,300)	12.1 (22.5)	9.7 (9.4)
Hutchinson	Dec 87	35,900 (18,500)	15.3 (9.7)	4.0 (3.0)
KCA Drilling	Dec 87	3,400 (2,000)	(-)	(-)
Klein Ben Galt	April 87	3,750 (2,690)	41.2 (49.2)	14.0 (14.0)
Langford	Dec 87	64,200 (8,800)	12.5 (11.7)	5.2 (4.7)
Lee Refractories	Dec 87	3,490 (1,990)	36.1 (21.0)	13.5 (12.5)
London Portlet	Dec 87	16,530 (13,390)	17.0 (13.6)	(-)
London & Carr	Dec 87	12,140 (9,340)	11.2 (9.1)	8.7 (7.2

MARKETS

Why foreigners should kick themselves

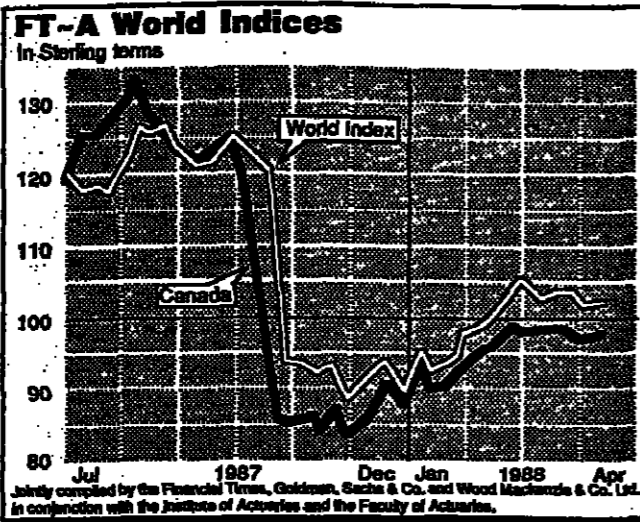
Canada

FOREIGN INTEREST in Canadian equities has been conspicuous mainly for its absence since last October. This is unfortunate, since any European or American investor who did opt to chance his arm in Canadian stocks early in February should be congratulating himself on his foresight.

In the past two months, the Toronto Stock Exchange's benchmark TSE-300 composite index has gained about 12 per cent, or more than 350 points. Over the same period, the once-slickly Canadian dollar has continued to climb against its US cousin to well above the psychologically important 80 US cent mark.

It has also held its own against most European currencies - the pound excepted - and in the process has become the favour of the month for Eurobond financiers.

In part, the still-nervous and thin market has merely been riding on the coat-tails of Dow Jones. The Canadian and US economies are, after all, linked increasingly and inextricably. As a result, where the Big Board leads Toronto (the world's sev-



Justly compiled by the Financial Times, Goldsmith, Sachs & Co. and Wood Mackenzie & Co. Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

enth largest market in terms of capitalisation) often will follow. However, the Dow's rise over the period has amounted to less than 10 per cent. What additional factors are in play in Canada?

The buoyancy of the dominant resource sector is certainly one. As fears of recession, triggered first by the October crash, have tended to recede beyond the US presidential election, so the year-old bull market in commodities, Paper and forestry issues,

meanwhile, have climbed by a more conservative 9 per cent; however, coming labour talks and signs of a downturn in the lumber sector are serving to dampen enthusiasm despite the industry's record 1987 profits and the strong pulp and paper outlook.

The only laggard has been precious metals - the star performer before October. TSE gold and silver stocks dropped nearly 10 per cent between late October and April. Since Toronto's gold index accounts for more than 10 per cent of the 300 composite, this has been a substantial drag.

Nevertheless, the market's heavy resource industry component would probably have propelled the composite index somewhat higher in recent months were it not for the strength of the Canadian dollar.

Canadian resource companies typically derive a high proportion of their income by exporting south of the 49th parallel. In such circumstances, a buoyant domestic currency can impact quite heavily on a mining or forestry firm's bottom line. The dollar's strength is taking the gravity away," according to John Ing of Mason Placements in Toronto.

Also stimulating the market in recent months has been a striking upsurge in Canadian take-

Country	% change from Jan/88	% change from Apr/78
Australia	+12.7	-22.2
Austria	-4.2	-18.4
Belgium	+27.6	-1.9
Canada	+9.4	-21.8
Denmark	+6.7	-7.8
France	-3.5	-36.5
W Germany	+7.8	-23.7
Hong Kong	+17.6	-15.5
Ireland	+15.7	-15.4
Italy	+2.4	-34.5
Japan	+26.2	+9.9
Malaysia	+5.9	-31.6
Mexico	+20.2	-18.7
Netherlands	+10.2	-28.1
New Zealand	+1.7	-29.7
Norway	+22.9	-15.4
Norway	+12.8	-20.5
S Africa	-3.6	-31.5
Spain	+18.2	+21.0
Sweden	+24.5	-10.2
Switzerland	+0.2	-23.3
UK	+1.3	-8.3
USA	+4.3	-23.2

The Financial Times, Goldsmith, Sachs and Co. Wood Mackenzie and Co Ltd 1987

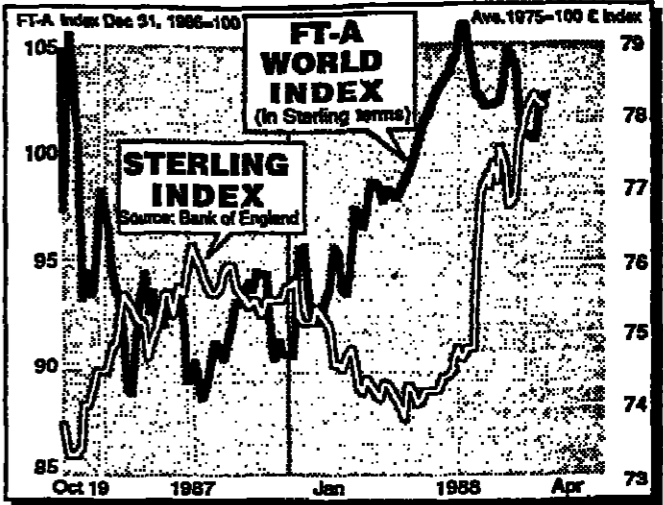
over activity. Most of the headlines have been garnered by French-Canadian developer Robert Campeau for his bold, temerous and ultimately successful US\$6.6bn raid on the US-based

Federated Department Stores. More significant, though, in terms of its impact on the Toronto index has been Michael DeGroot's decision to sell control of Laidlaw Transportation, the Ontario waste management firm which is also the largest school bus operator in North America.

Class B Laidlaw stock rose C\$3 to C\$20 3/4 following the announcement that it was for sale on March 30. There, approximately, it has lingered awaiting further developments. At C\$4bn, the Burlington-based concern is one of the 15 largest TSE-listed companies in terms of market value.

The Canadian energy patch has also been awash with attempted and completed takeovers in recent months. The activity has pushed the TSE oil and gas sub-index up by 12 per cent since early February, despite the uncertain oil market. Pipeline stocks have also been buoyed, rising 15 per cent over the same period.

The biggest completed deals have been TransCanada Pipelines' C\$1.1bn purchase of Encor Energy in December and Gulf Canada's C\$31m takeover of Assura early last week. Still on the boil is Nova's revised C\$2.50 a share offer for Polysar Energy



& Chemical, which would create one of North America's largest petrochemical producers. In addition, Husky Oil is still hoping to pry Texaco Canada from its beleaguered US parent.

Looking ahead, analysts expect the market to remain in its present 3,000-3,500 range (the 1987 high was comfortably over 4,100) until late May or June, when a forecast about the 1988 economic outlook in both the US and Canada.

Canadian interest rates have been ratcheted up by the Bank of Canada, which remains fearful of overheating in the country's still fast-growing economy. This has been the main source of the Canadian dollar's comparative

strength. But it has had a mildly bearish impact on stocks by blunting the heavily export-dependent resource sector's perceived profit potential.

If expectations of slower growth in the US, and by extension in Canada, prove well-founded, analysts project that interest rates will be allowed to fall.

Were a positive trend to become established, the feeling is that there is plenty of cash on the sidelines waiting to move in. "There is a lot of money building up if people get the conviction to buy," says Marshall Miller, Toronto-based director of research with Midland Doherty. **David Owen**

A touch of spring fever...

FOR A FLEETING half-session on Wednesday, Wall Street was just like its old self. Emboldened by rumours of a Group of Seven floor for the dollar, stocks raced ahead for their second-best day of the year. Oh, to be a young trader in the springtime of the market. "There's purpose to life," enthused one who felt the sun's and the market's rising after a long desultory post-crash winter. "Bring on the limousines!" cried another.

The enthusiasm was infectious. The rapid price rise prompted a wave of computer-generated programme trading between stocks and stock indices which drove prices even higher. When the Dow Jones Industrial Average gained 50 points from the opening, the New York Stock Exchange involved its curb on programme trades.

The curb was designed to dampen volatility by barring programme traders from trading by exchange's computers to enter big baskets of orders as they profited from the gap between prices

of stocks and stock indices. From its inception in February until Wednesday, it had been triggered five times, but only by a falling market. It had worked a treat, stopping declining stocks dead in their tracks right at the limit.

On Wednesday, however, the market was unstoppable. An unseemly hush settled briefly

Wall Street

over the floor when the exchange announced the curb at 3:30pm. But programme traders were not to be deterred. Denied the computers, they resorted to old-fashioned manual techniques. Within moments, their floor brokers fanned out across the trading room clamouring to do business.

Coupled with genuine buying interest from investors, the brisk trading pushed the Dow up by 64.16 points at the close. The exchange did not appear to be unhappy about the turn of events

because the curb had slowed the market's rise sharply. It was also while it lasted, drifting stocks have left cycles wondering if it was just a one-day spring fever.

After weeks of being ground down by bad news about the dollar and rising interest rates, stocks were ripe for a technical rebound. The buyers are outnumbered, though, by a large number of analysts and investors who believe last Wednesday was a preview of further gains.

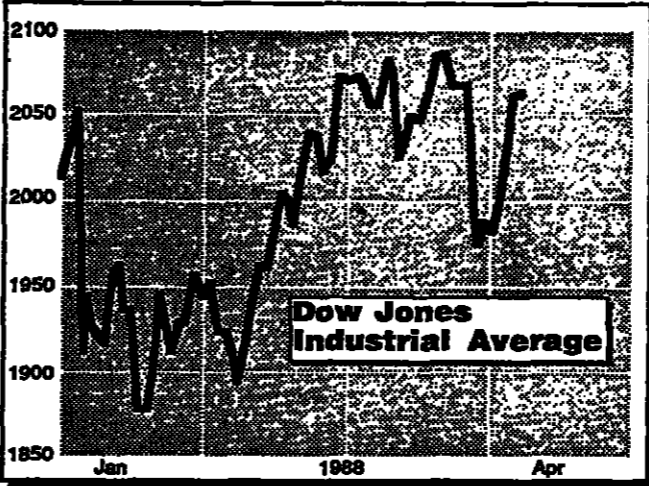
"We're in for a period of dollar and bond market stability which is all the stock market needs. The real direction is up," said Michael Metz, Oppenheimer's chief market strategist. The recent tightening of monetary policy by the Federal Reserve, prompted by the economy's strength, will not have any long-term effect on equities. The central bank "has committed itself to battling inflation so real interest rates will not rise," Metz added.

In contrast to the "buyers' strike" which afflicted the mar-

ket over recent months, investors are showing "a sense of urgency" as stocks rise. The Dow could hit 2,400 this quarter, although this would still leave it some 12 per cent below its all-time high of 2,722 set last August. In contrast, the Tokyo market broke into unexplored territory this week.

Sitting on the sidelines has become increasingly uncomfortable for many investors as their cash has mounted up. Lazzio Birinyi, equity strategist for Salomon Brothers, calculates that \$56bn of stocks were taken out of the market in the first quarter through takeovers, leveraged buyouts and share buybacks. This represented net about \$61bn of cash, a lot of which has yet to be reinvested in stocks.

Even better for the markets in terms of the build-up of buying pressure, equity is shrinking at a faster rate this year than last when \$58bn, or \$40bn net, was lost in the first quarter. Birinyi believes blue chips, which have lagged behind secondary and ter-



tiary stocks so far this year, will continue to underperform the market as a whole for a number of reasons. One is that foreign investors, who direct a disproportionately large chunk of their money into them, continue to hang back from the US market. The "halcyon days of indexing" are over, with investors less interested

now in passive investment techniques such as buying portfolios of stocks which match the leading indices. Moreover, investors are keen to exploit the "pricing inefficiencies" created in the secondary tier by the smaller capitalisation and lower trading volumes of the stocks compared with the blue chips.

Metz sees hope for a revival of big industrial stocks such as International Business Machines and General Electric and some financial intermediaries. Takeovers will continue to help to drive the market with a lot of the action switching to the oil sector.

High Liedtke, the chairman of Pennzoil, is one oil man who has the money but no immediate urge to raid the market. This week, Pennzoil received \$3bn from Texaco to settle their four-year court fight over Getty Oil. Net of its lawyers' fees Pennzoil has \$2.5bn to spend, but said it will take its time to choose. Meantime, the money is earning \$600,000 interest a day.

The retail sector, still gasping for breath after the battle for Federated Department Stores won last weekend by Canadian-based Campeau, now faces a tussle over Woolworth. News that the Haft family of Washington has filed for permission to buy up to 15 per cent of it drove Woolworth stock up by some \$10 to \$35.

Wall Street is a more than a little wary of the Rafts. Six abortive takeover bids have earned them far more money than their modest retailing operations. Arbitrageurs have to jump immedi-

ately into a potential takeover stock, but there is a growing suspicion that the Rafts do not actually want to own a big retailer; rather, they want to start a bidding war from which they can profit.

Monday	1986.80	- 07.46
Tuesday	1987.51	+ 13.81
Wednesday	2061.67	+ 64.16
Thursday	2068.17	+ 06.50

Roderick Oram

Hertfordshire

The Financial Times proposes to publish this survey on:

24th May 1988

For a full editorial synopsis and advertisement details, please contact:

Rachel Fiddimore on 01-248 8000 ext 4152

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The agenda of the meeting, the annual report, the report of the Shareholders' Committee and the proposed resolutions of the Shareholders' Committee, as well as a copy of the official report of the meeting, have been deposited for inspection and are available at the bank's registered office.
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Algerian Bank Nederland N.V., P.O. Box 284, London EC2P 2JF
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Shareholders may attend the meeting either in person or by proxy, address the meeting and vote, provided that their share certificates are deposited with the company on or before 22 April 1988 at one of the above-mentioned offices.
Amsterdam, 6 April 1988
The Managing Board

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FT 30	FTSE 100	WALL STREET
Apr. 1413/1425 +5	Apr. 1784/1796 +12	Apr. 2053/2067 n/c
Jun. 1419/1431 +5	Jun. 1779/1804 +2	Jun. 2057/2071 n/c

Prices taken at 5pm and change is from previous close at 9pm

Hertfordshire
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For a full editorial synopsis and advertisement details, please contact:
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FINANCE & THE FAMILY



Last call on gas shares

FROM NEXT Monday, trading in British Gas shares will incorporate the final instalment of 40p each due after the December 1986 privatisation issue.

This indicates a fully-paid price of nearly 170p a share compared with the original offer price of 138p, which had to be paid in three instalments.

Shareholders are reminded that the final call is due not later than 5 pm on Tuesday, April 12. If the payment is not made, they could lose their shares and get no more than their 99p investment back.

Any shareholders who do not have their payment notice should call the British Gas share enquiry line immediately on 0272-373 373. The line is open from 8 am to 8 pm, seven days a week.

Profits are unlocked

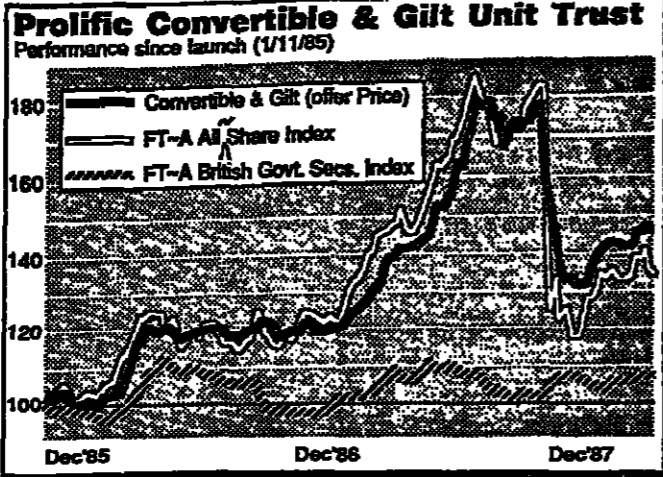
LIFE ASSURANCE companies received a boost from Mr Nigel Lawson, the Chancellor, when he announced in his Budget statement that Capital Gains Tax liability was being re-based to 1982.

This move has unlocked profits worth several millions of pounds which life companies had set aside to meet the CGT liabilities for equity holdings acquired before 1982.

The question now arises as to whom these profits belong and how and when they should be distributed. For mutual life companies, there is no question of ownership. Profits belong to the holders of profit policies.

But most life companies have already declared their bonus rates for 1987. The Chancellor's announcement came too late to do anything this time round.

But that did not apply to the Colchester-based home service insurance company, Royal London Mutual. Like most home service life companies, Royal London declares its bonus rates applicable from April 1 around this time of the year.



Fund to attract long-term players

THE POST-CRASH revival in alternatives to the equity market continues unabated this week with the launch by Prolific Unit Trust Managers of its new Preference and Fixed Interest Fund.

The new fund will have 65 per cent to 70 per cent of its money in preference shares, 15 per cent to 20 per cent in other fixed interest stocks and 10 per cent to 20 per cent in convertibles.

Preference shares, says Mr Pimpton, usually out-earn gilts by a half to a percentage point. The estimated gross starting yield on the new fund is 8.4 per cent, netting down to 6.3 per cent for a 25 per cent taxpayer and 5.0 per cent at 40 per cent against a projected inflation rate of 4 per cent.

Prolific has been a top performer in the past decade. Since last October, it has demonstrated its abilities in alternative markets. The Convertible and Gift Unit Trust, which it launched in November 1985 (see chart), has been relatively strong.

Prolific is an offshoot of Provincial Insurance, although it is currently going through a demerger process.

Mr John Pimpton, its fund manager, says the new fund was prompted by the equity crash and the way it steered investors' thinking towards lower-risk securities. It was also prompted by Budget tax cuts, which mean that "for the first time in living memory" all investors will get a real yield from this type of vehicle.

So Royal London has taken the opportunity to pass on the benefits of this windfall to policyholders in the form of higher terminal bonus payments.

Policies in the Ordinary branch which have been in force for 10 years receive a 1.4 per cent increase in terminal bonus rates. Without this windfall there would not have been an increase. Policies in force for 25 years at the time of a claim get an increase of nearly 4.5 per cent, making a total rise of 7.5 per cent.

Fiona Thompson says that even the front-runners are managing to make losses
The game is going to become harder

"EVEN THE pros at the Pru can get it wrong," says Ted Williams, somewhat ruefully. "Quite simply, the game is going to get harder."

But take heart Pru pros, at least you are not alone. The game is the Great Investment Race, and in the past month all but two of the competitors have lost money. The top four contestants alone have lopped a joint total of \$25,356 off their portfolios.

The nine teams of fund managers have now been battling the bear market and each other for 12 weeks, having each begun their year-long bid to make pots of money with a starting stake of \$50,000. All the money raised will be donated to charity by the race organiser Charity Projects.

Despite dropping 17,500, the Prudential is still in first place with \$108,050. "We lost about \$2,000 in futures," said Williams. "The rest of the value of our portfolio of stocks has gone down. But our losses were not as bad as they could have been. We made a \$2,000 profit on Consolidated Gold call options."

The Prudential team's policy is to stick out a core portfolio of companies with good long term-growth and supplement this with "opportunities in the futures market." Just one new stock was added this month. It was General Oriental Investments, controlled by Sir James Goldsmith.

"The group is primarily in timber, and it owns 1,800 acres of forest land," says Williams. "We bought 5,000 shares at \$90 each, but we believe the real value is in excess of \$5."

City stockbroker Casenove retains the number two slot, although it has slipped by \$4,000.



THE GREAT INVESTMENT RACE

back into double figures at \$99,561. "Our loss is the result of the very poor market," says Casenove's Edward Cottrell.

"We have taken a fairly geared position on investments, and when the market falls off we are hit on gearing. However, we did quite well on Falcon warrants, making a profit of \$3,000," adds Cottrell. "We also bought and sold some FTSE futures on a small scale, but we did not take a serious position."

Japanese hamburgers fell a bit flat and hit the Tokyo securities house Nomura. It held onto its third position but dropped \$7,122 to \$93,907, according to the WM Company, the Edinburgh performance measurement consultant which is evaluating race proceedings.

"We actually sold our 1,000 shares in Mosefood Services, the Japanese hamburger chain, for a profit," says Andrew Jacobs for Nomura. "But we sold at \$5,000 less than the shares were worth at the last evaluation. Mosefood had a very good run. It just fell off a bit."

Nomura invests purely in Japan and that market is very good, says Jacobs. "But stock-picking over the last few weeks has been a bit difficult. These things go in winds and we've had a bad wind. It's the blorndyums."

Henderson, the independent fund management group which is again in fourth place, dropped \$6,653 to \$84,335. "We lost \$3,000 on a 1600 March FTSE put option," says Claire Nowak. "It was the right idea but bad timing. The rest is from our portfolio going down in value."

"We have actually done very little as we didn't feel confident of taking a big position over the budget period."

The Henderson team is not unduly worried about the stake drop. "It's like Alice in Wonderland to have everyone going up for 12 months," says Nowak. "In the real world things go down too."

In fifth place this month is Capital House, the investment management arm of the Royal Bank of Scotland. Capital has climbed one position from sixth place. More importantly, it is one of the two teams which made money, increasing its stake by \$2,070 to \$54,119.

"It's been a very unexciting month really," says David Kidd. "The market has been difficult, and we haven't traded anything like as actively as in previous months. Our best single transaction was a \$1,000 profit on the sale of our Vosper Thornycroft shares."

"Ideally we should have had more money in Japan. But we've discovered a couple of special situations. Enterprise Oil is one which we hope will come good quickly. If they do, we will probably add to our Japanese holdings."

Capital's Australian gold stocks are still showing losses. But Kidd adds: "We're clawing our way back - they are 10 per cent up on last month."

Delwa, the Japanese securities house, has slipped one position to sixth place. Its stake marginally dropped to \$52,537. Delwa still has just three Japanese equity warrants in its portfolio, having sold Sumitomo Fire and Marine and having bought Yamamura Class.

Enskilda Securities is not far behind at \$52,539, having moved up one into seventh position and having increased its stake by \$5,725. "Two things in particular went well for us," says Diana Barran. "We made \$3,000 profit on two put options in Holland, and \$2,000 on a couple of new issues."

Enskilda, the investment banking arm of Scandinavianvialka, has continued trading in a mixture of shares and options, especially in Sweden, Holland and France. "But the market remains so incredibly volatile that it is difficult to work out a long-term policy," says Barran. Enskilda's rise has pushed Hoare Govett, part of the Californian bank Security Pacific, down one into eighth place. Hoare has not traded in the past month, and its stake has slipped to \$58,717, as the value of its holdings has declined.

"We're sticking with our core UK portfolio because we think these stocks will perform well," says Tony Lowrie. "But if Singapore and Hong Kong take off with a vengeance we will get involved."

Bell Lawrie, the Edinburgh stockbroker, is unchanged in ninth place, having dropped below the starting stake to \$53,401.

GREAT INVESTMENT RACE HOW THEY STAND			
1	(1)	Prudential	£108,050 (£115,629)
2	(2)	Casenove	£99,561 (£103,577)
3	(3)	Nomura	£93,907 (£101,029)
4	(4)	Henderson	£84,335 (£70,968)
5	(5)	Capital House	£54,119 (£52,049)
6	(6)	Delwa	£52,537 (£53,085)
7	(8)	Enskilda	£52,539 (£58,864)
8	(7)	Hoare Govett	£58,717 (£59,265)
9	(9)	Bell Lawrie	£53,401 (£55,158)

Eric Short examines building society innovations
Abbey joins pensions battle

and unit trusts, as well as life companies, can offer personal pensions.

Abbey National, in keeping with its reputation for innovation, became the first society to announce publicly that it would be offering personal pensions.

Employees and the self-employed will be offered the choice of two contracts. First, there is Abbey National's own Retirement Investment Account.

It will be a Friends' Provident Life Office contract. Under the financial services legislation, Abbey National has elected to be a representative of Friends' Provident, and so can market only the investment products of that company.

However, investing in pension contracts is much more complex than simply paying some money every month into an ordinary savings account.

There is also a unit-linked Personal Pension, offering three choices. Customers can opt for unit funds, unitised with profits, and cash funds. Although it will have the Abbey National brand,

Employees and the self-employed will need counselling to decide how much should be set aside for pensions, before deciding on where to invest the money.

Abbey National is running an in-depth staff training programme as well as setting up the necessary administration systems, backed not by Friends' Provident and its own actuarial consultants, Tillinghast.

The scheme is being set ahead of the July start date with the issue of three booklets. One sets out the background to the new pension environment, one deals with the pension requirements of employees and one covers those of the self-employed.

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In common with other international trusts, Scottish Eastern's portfolio was adversely affected by the stock market Crash in October. Net asset value decreased by 11.8% over the year, the first decline in eight years. Despite this, record earnings per share were achieved and the directors recommend a final dividend of 1.50p making 2.35p for the year, a 6.8% increase.

The Trust has suffered an interruption in its long-term growth record, but the Chairman Norman Lessels says: "Scottish Eastern owns a portfolio of carefully selected investments in financially strong companies which are well placed to prosper in these uncertain economic conditions. The individual investor benefits from the Trust's professional management which is available at a very modest cost. The long-term record of Scottish Eastern and its managers is very impressive."

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MARTIN CURRIE THE INDEPENDENT INVESTMENT MANAGERS A member of I.M.R.O.

Clive Wolman says there are gaps as well as safeguards in new rules affecting investors

Share-buyers must continue to beware

FROM NEXT MONTH, individual shareholders will have to do a lot more consenting in response to a lot more disclosing from their stockbrokers. Confronted with a pile of complex legal documents to fill in and sign, they may start to wonder how the new framework of investor protection is going to help them.

But on modestly optimistic assumptions, when the bulk of the Financial Services Act comes into force on April 23, investors should find that their risks of suffering from sharp price falls are greatly reduced. They should also find that they are receiving a more efficient and suitable service. If they have cause for complaint, many more channels for redress will be open to them.

For most stock market investors, the first indication of a new regulatory system will be a lengthy "customer agreement letter," full of potentially intrusive questions from their stockbrokers, that will arrive in May, June or early July. Unless the customer signs his consent for the services on offer and returns the document by October, his stockbroker may have to stop acting for him.

As well as complaining bitterly about this requirement, many brokers have argued that the letter will degenerate into an impenetrable legal document full of exclusion clauses and obscure disclosure requirements, designed to protect the broker

from legal action. The customer would end up baffled and no better off.

In recent weeks, however, most leading firms have accepted that too legalistic a document may lose them clients. The Securities Association (TSA), the stockbrokers' self-regulating organisation under the Act, has also accepted it. A new emphasis has been placed in the draft documents on intelligibility, if not on brevity.

Some firms such as Barclays have already been using a standard and fairly non-legalistic customer letter for several months in accordance with the Act. Barclays is the private investor arm of Barclays Bank which offers both an advisory and a cut-price execution-only service.

According to Gavin Oldham, chief executive, customers have signed the letters at home or in their Barclays branches with few objections. This may indicate that most people pay little attention to such letters. But Oldham has also taken the opportunity to find out more background details about his customers in line with the "know-your-customer" rule laid down by TSA.

All investors, except those dealing with stockbrokers on an execution-only basis, will be receiving similar questionnaires. They will cover such issues as dependents, tax position, size and range of assets, investment strategy or how much risk they are

prepared to take, and their employment.

Some customers may refuse to answer such questions, and that could create compliance problems for the stockbroker. Robba Woodhead, of the National Investment Group, the largest firm of provincial stockbrokers, believes that customers' inhibitions will be gradually overcome. "We see the requirements of the Act, instead of being a disadvantage, as a valuable way of being able to offer the client a better service by getting to know his financial situation more thoroughly," he says.

"Over time, traditional stockbrokers have given less and less asset management advice but this will allow them to regain their original roles."

The two other key rules governing relations between stockbrokers and clients are those of best advice and best execution. Best advice means recommending suitable securities, and best execution means obtaining the most favourable prices. Under the old Stock Exchange rules, most stockbroking firms complied with the principles for at least 99 per cent of the time. Under the new regime they will have to be even more careful not to step over the boundary.

"The rules will discourage short cuts and people's tendency to give themselves the benefit of the doubt," said one member of TSA's board.

One of the more dubious but widespread practices to be outlawed is that of reciprocal arrangements. Stockbrokers invest their clients' money in the unit-trusts of a fund management company in return for the standard sales commission and also dealing commissions for transacting bargains for the fund managers. Such arrangements may continue, despite the new rules, if the stockbroker discloses them in a form which he hopes will not alert his clients to the true costs.

The philosophical basis of the new framework, that most practices can be made acceptable by full disclosure, creates its own dangers. Beware of the share salesman who meets the requirement of disclosing his own firm's position in a stock he is recommending by claiming that the firm's own stance proves that the stock must be worth buying.

Another sharp practice, which has been spreading amongst brokers, is that of accepting "soft-dollar payments, which means kickbacks. This applies particularly when a broker deals in foreign shares for a client and pays the foreign broker, who transacts the deal, a second commission out of his client's money.

In return, the broker is rewarded with everything from Reuters screens to free trips to Tokyo or Hong Kong with a full entertainment programme laid on. It is doubtful whether the final, watered-down version of

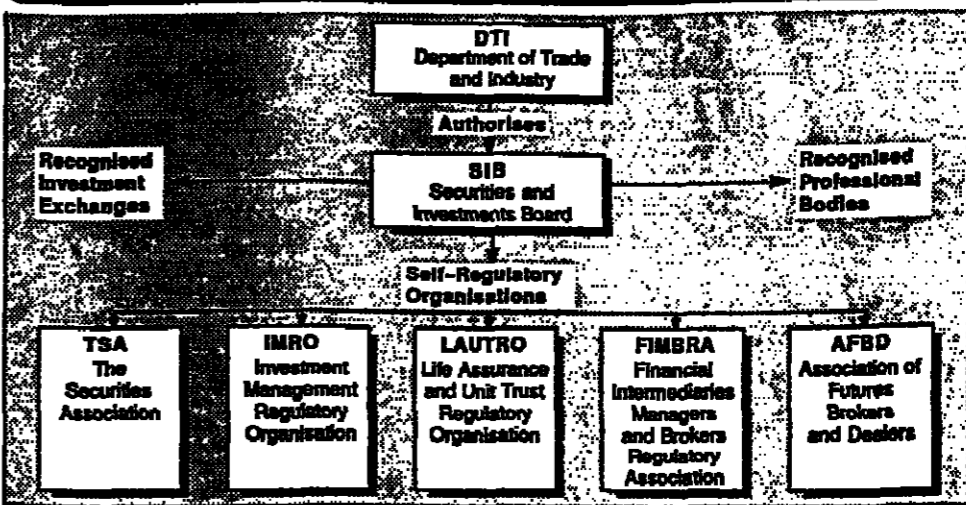
the TSA rules on "softing" will have much effect.

By contrast, the rules will mean a much stricter regime for the non-Stock Exchange firms, mainly licensed dealers in securities specialising in unlisted "over-the-counter" stocks. Their scope for applying aggressive telephone selling techniques to persuade investors to buy dubious stocks of low marketability will be drastically diminished by tougher rules and much stronger enforcement operations.

The greatest benefit of the new rules will probably be felt only when something goes wrong. If a securities firm defaults, investors will be entitled to full compensation (including interest foregone) up to £30,000, and 90 per cent compensation on the next £20,000. This is of particular importance for investors dealing with firms which have never been covered by the Stock Exchange's own compensation fund.

In addition the risk of default will be reduced by two factors. Those will be the much tighter and more sophisticated rules for minimum capital, and the requirements, due to come into force in October, that stockbrokers must segregate their clients' money from their own. The segregation rules will also ensure that investors receive interest on money held for their account by their stockbrokers. In less dramatic situations, the

The New Regulatory Structure



new regime offers many more opportunities of redress for the private investor. At present, complaints against stockbrokers are handled by the Stock Exchange which is supposed to investigate and may require member firms to make restitution. But with the upsurge of private client business over the last three years and the volume of complaints, the efficiency of the Exchange's complaints handling has deteriorated.

According to one senior employee who recently left the Exchange: "The service has really gone down the drain. They have not been properly following up every letter. They have had too many other things to do." Under the new regime, if a client fails to obtain satisfaction as a result of an internal TSA investigation, he can make use of an independent arbitration system under TSA's auspices.

Finally, section 62 of the Act gives investors the right to claim damages in the courts for any losses suffered as a result of a breach of the rulebook of a self-regulating organisation. And under section 61 the Securities and Investments Board, the overseer of the new regulatory system (see diagram), can finance a "class action" through the courts on any individual disputes which raise wider issues.

Will the small investor end up having to pick up the costs of complying with the new regime, through higher charges, as the more disgruntled stockbrokers are now claiming? The additional costs arise from the TSA and SIB membership fees, the computer systems which have to be installed to comply with the new financial regulations, the additional record-keeping and the retraining of staff. Some of these

costs would, or should, have been incurred anyway to improve internal management controls. According to Mr Peter Green, finance director of Charterhouse Tilley, the Liverpool-based brokerage house: "The Act has certainly kicked stockbroking management into the 20th century, but many of the rules are impractical."

It will, however, be difficult for the private client departments of firms to pass on the additional costs. That is because, since the October crash and subsequent slump in dealing volumes, they have spent much of their days twiddling their thumbs. In any case, the additional compliance costs will be only a small fraction of the potential cost savings from the introduction of an automated small bargain execution facility later this year and of an automated settlements system in 1989.

Figures for trusts

William Cochrane says gold and nickel are the keys to recent lively performances

April 1. They highlight the March performance of the Australian sector which had an average return of 9.7 per cent. SIM Australian, with a rise of 17.5 per cent, headed seven others which had gains in double figures.

THE OPAL Group, with the Association of Investment Trust Companies, will launch a new investment trust statistics service next month. It will list price performance over six months, a year, and three, five and seven years.

Gold and nickel prices are the keys. Nickel has almost quadrupled since January 1 as an increase in demand from steel manufacturers world-wide has coincided with a bar on shipments from the Dominican Republic.

This will complement four other Opalists reports available every month: unit trusts, unit-linked life assurance funds, unit-linked individual pension funds and offshore funds.

Opal reports that optimism in Australian metals has now spilled over into the general share market, with solid rises in the media and advertising sectors. But it also notes that the one-year return from Australian funds still shows a hefty loss of 33.3 per cent, offer to bid.

Opal has also issued its unit trust performance figures to

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(including weekends) or for information (office hours only) telephone 0753 966244 (Windsor) or 0232 237121 (Belmont) or 031 226 2244 (Edinburgh) or 0532 445911 (Leeds).

Units may lose lure

INSIDERS ARE SAYING that charges throughout the unit trust industry are destined to rise. Nobody wants to be first to bring in an increase, especially after the trouble which the Citicorp exercise in trail-blazing has attracted.

There are four main factors affecting profitability for unit trusts. First, there is the effect of the October crash on annual management charges, which are the staple annual income of a unit trust group. Second and third, "rounding" and "box management" both will be curtailed or removed by the new unit trust regulations.

BRIDGE. LAST YEAR, the Lederer Memorial Trophy was staged at the Young Chelsea Club in west London. It was sponsored by the Y.C.C. committee and this sponsorship has been renewed.

Bridge score diagrams showing card suits and tricks for both teams.

With both sides vulnerable, West dealt and opened with one spade. East raised to four spades and South's five diamonds concluded the auction.

APPOINTMENTS ADVERTISING. Appears every Wednesday and Thursday for further information call 01-246 0000.

Window on the world's markets

MARKET INDICES - be they for the equity market or for specific sectors of it, for gilt-edged securities, or for corporate fixed interest issues - all are attempts to answer the question: "What did the market do yesterday?"

West led the two of clubs, dummy's king was played, the ace won and East played back the 10. Winning with his queen, South led a spade and finessed dummy's nine.

APPOINTMENTS ADVERTISING. Appears every Wednesday and Thursday for further information call 01-246 0000.

Understanding Finance

Understanding Finance FINANCIAL TIMES. Terry Byland continues his series of extracts from his new book explaining how the FT approaches finance.

As stock market trading has taken on a global dimension, the FT has responded by compiling and publishing its FT-Actuaries world indices.



In Bull Markets or Bear Markets, Ivory & Sime's Pacific Assets Trust continues to outperform.

The Directors remain convinced that the Pacific Basin is still one of the most dynamic areas in the world and are confident that over the longer term shareholders will benefit from exposure to the underlying stock markets.

Form for Ivory & Sime Pacific Assets Trust, including contact information and a request for a prospectus.

Nationwide Anglia Building Society advertisement. Placing of £20,000,000 9 3/4% per cent Bonds due 17th April, 1989.

11.7%* A YEAR HIGH INCOME PAID FREE OF TAX†

THE FUND - primarily invests in "exempt" British Government Securities (Gilts). These are Gilts which are not liable to any U.K. taxation.

QUARTERLY DIVIDENDS - paid free of any withholding taxes.

NO FIXED TERM - the investment can be held for as long as you wish, you can sell at any time, on any business day.

MINIMUM INVESTMENT \$1,000. The Fund has been certified as a "Distributing Fund" under the provisions of the U.K. Finance Act 1984 in respect of its latest account period.

MIM BRITANNIA INTERNATIONAL. MIM Britannia International is part of Britannia Arrow Holdings PLC, a U.K. public company which has over 25,000 shareholders.

Investors should note that the price of shares can go down as well as up and the past performance is not a guide for the future.

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Form for MIM Britannia Jersey Gilt Fund Limited, including contact information and a request for a prospectus.

FINANCE & THE FAMILY

Early profits from pensions

Eric Short reports on potential rich pickings for those who leave company schemes early

A LITTLE publicised aspect of the Budget was the Chancellor's clamp-down on the considerable benefits obtained by employees who leave company pension schemes early. But, in spite of the Budget, there are still rich pickings, especially as employees will have much more flexibility to opt in and out of pension schemes in the future.

Employee earning £800 a month gross, contributing 5% of salary to the company's contracted-out pension scheme and leaves after a year

Table comparing Old System and New System pension contributions and refunds for an employee earning £800 a month gross.

Pre-Budget, under the old system, this meant that an employee earning £800 a month gross (£9,600 a year) and paying 5 per cent of salary into a contracted-out pension scheme would have made net contributions of £204 a year, but on leaving after 12 months would receive back £297.98.

Option schemes still win approval

David Cohen on Budget changes to Inland Revenue-approved plans

THE MAJOR attraction of an Inland Revenue-approved share option scheme has always been the ability to pay capital gains, rather than income, tax on option profits. Now the Chancellor has announced that (with effect from last Wednesday) capital gains are to be taxed as if they are income.



The ability to defer tax until disposal of shares is a significant approved option advantage which will be unaffected by Chancellor Nigel Lawson's proposals. Clearly, as far as individual employees are concerned, tax deferral is of value only to those who intend to remain as long-term shareholders, rather than cashing in their option at the first opportunity.

MORGAN GREENFELL

UK EQUITY INCOME TRUST

The UK Equity Income sector was the top performing unit trust sector in 1987, with an average increase of 14.0%. And now, for the first time, investors can take advantage of this sector through the asset management skills of one of Britain's leading Merchant Banks with the launch of Morgan Grenfell UK Equity Income Trust.

UNIQUE LAUNCH OFFER - During the 3 week Fixed Price Offer of 100p per unit until Monday, 11th April 1988, and while stocks last, investors purchasing units worth £5,000 or more in UK Equity Income Trust will receive a special Morgan Grenfell Personal Portfolio Folder of the highest quality.

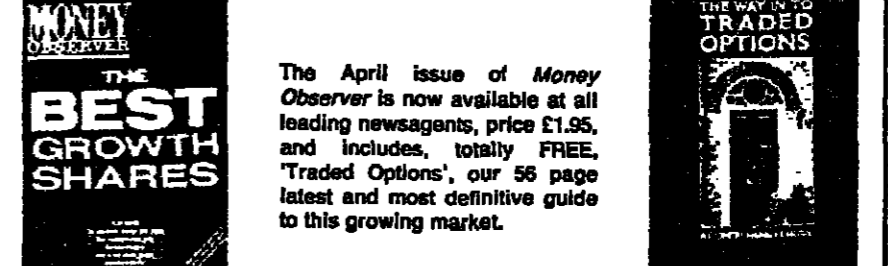
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Application form for Morgan Grenfell UK Equity Income Trust, including fields for name, address, and investment preferences.

The new way into Morgan Grenfell asset management skills. Member of the Unit Trust Association

BRITAIN'S BEST GROWTH COMPANIES

Only 24 UK companies have shown consistent annual growth in the last ten years. Who are they? John Davis reviews in-depth, exclusively in the April issue of Money Observer, these corporate champions whose shares have been spectacular money-spinners in the last decade.



Money Observer, edited by John Davis (Investment Editor of The Observer), has one of the most authoritative and highly respected teams, and covers comprehensively, the widest range of investments including the stock market, Britain's top companies, unit trusts, investment trusts, National Savings, building societies, banking and insurance.

No wonder, Money Observer sells, at full rate, more copies than any other investment magazine and has had more subscribers than any other financial publication. Why not join this investment elite? Just £19.50 (£29.50 airfreighted overseas) ensures you receive Money Observer every month in your home or office.

Subscription form for Money Observer, including fields for name, address, and payment details.

THE MONTHLY MAGAZINE FOR DISCERNING INVESTORS

FINANCE & THE FAMILY

A matter of VAT

I am a self-employed sole trader. My turnover consists of 60 per cent commission from one source and 40 per cent which has been invoiced direct to my customers. If I combine the two aspects of my business, my total turnover will soon reach the VAT limit. Do I expect to be liable for all or only the 40 per cent invoiced to my customers?

which was sent to me with my notice of coding, car benefit is taxable to employees earning at a rate of £2,500 a year or more etc. As I work 20 hours a week, my salary, plus car allowances, falls £1,000 short of this figure. So, I wrote to the Revenue pointing out this fact and querying whether I was eligible for this tax.

Miles away

I am employed part-time as a district nursing sister. To qualify for this position, I had to have use of my own car. For this I receive an annual lump sum, plus mileage allowance. Over the past three years, the Inland Revenue has included these payments on my income tax form as taxable. At present, it has claimed £280.

The reply was that the car allowance in my code number is, in fact, a taxable expense payment and is based on the profit made on the payments made to me by my employer. The profit is taxable on all employees irrespective of their salary. Car benefit is given to someone who has been given a car by his employer.

Tax relief on a house

My father-in-law, 74, has the opportunity of buying his council house for £31,000. He is able to obtain a mortgage for this amount but I will need to lend him the money to make the mortgage payments. As his income is only £2,400 a year, no tax relief would be available to him.

Too much duty paid

I read an article recently which gave information regarding stamp duty on house purchases whereby duty was not payable if the property was purchased before it was built. Unfortunately, the newspaper was destroyed.

Housing problem

A second home has been bought utilizing a £30,000 mortgage and it has been elected as principal residence pending sale of the original house (which has no mortgage) within the 18-24 month allowable period.

which of them is to be treated as your main residence for the purposes of mortgage interest relief. Your choice for CGT purposes is irrelevant to the question of mortgage interest relief.

It now seems possible that, for family and health reasons, the second home might not be practicable as the principal residence. What is the position if one reverts to the original?

Ask your tax office for the explanatory pamphlet IRII (tax treatment of interest paid), and IRIS (MIRAS) and CGT4 (owner-occupied houses); these may help you to see your way through the tax maze created by Parliament for home-owners. The condition for tax relief on each instalment of mortgage interest is that the new home "is, at the time the interest is paid, used as the... main residence of the person by whom it is paid... or if the interest is paid less than 12 months after the date on which the loan is made, is so used within 12 months after that date."

No evidence of land deal

Some years ago, the family estate was shared between myself and two other brothers. Some time later, the eldest required capital urgently and I purchased his share, but no supportive documentation was raised.

It would indeed be difficult to establish what you say if there is no documentary proof. Nevertheless, it might be possible to do so, e.g. by obtaining a declaration from the court that your brother has no interest in the property. You should consult a solicitor.

CHESS

CHESS MASTERS long have dreamed of a grand prix tournament circuit on the lines of golf, tennis or motor racing that would enable Karpov, Kasparov and their challengers to perform against continuous high-calibre opposition. This month, the first such event has come to fruition with the start of the World Cup series at the Swiss International in Brussels.

1 P-K4, P-K3; 2 P-Q4, P-Q4; 3 N-Q3, N-K3; 4 P-K4, K-Q2; 5 P-B4, P-Q4; 6 N-B3, N-Q3; 7 B-B3, P-F3.

The overall concept is the brainchild of Bessel Kok, the Belgian head of the giant Swift banking services organisation, and of Gary Kasparov, the world champion. Twenty-five top grandmasters, chosen by over 500 members, will take part in six designated all-play-all tournaments between now and September 1988.

Each participant will play in four contests, with his best three counting for the World Cup grand prize. Prize funds will total \$800,000 for the overall grand prize far higher than normal tournament awards.

White's plans by the tactical counter 7... Q-N3, 8 N-Q4, Q-R4 ch; 9 P-B3, P-F3; 10 P-Q4, N-F3; 11 P-N3, B-P3 ch; 12 B-Q2, but recent games suggest that White's knight is worth more than Black's three pawns. 8 K-N4, P-B4; 9 Q-Q2, B-N3; 10 B-N2, N-B3; 11 Q-N3, Q-N3; 12 Q-Q2, N-Q2; 13 N-N3. Material is level, but the difference in scope between the respective knights and bishops gives White a clear advantage. His knight at Q4 can never be dislodged by a black pawn, while the majority of Black's pawns are on light squares limited by their own bishop. In the next phase, Nunn centralises his force and waits to see whether Black opts for active or passive defence. 13... K-K3; 14 Q-Q3, P-Q2; 15 N-Q2, N-B3; 16 Q-Q3, N-B4; 17 K-Q2, P-KB4; 18 K-R3, P-B4; 19 B-B2, Q-Q3; 20 Q-R-KB1, P-B4; 21 K-R3, P-KN4.

NEW LAUNCH

Preference & Fixed Interest Unit Trust

1% DISCOUNT 9th-22nd April 1988

The current volatility of world financial markets makes the inclusion of a high-yielding fixed interest investment a prudent addition to investment portfolios at the present time.

The Prolific Preference & Fixed Interest Unit Trust aims for a high and stable income and capital growth, through investment in preference shares, convertibles, gilts and other fixed interest securities. The estimated gross starting yield is 8.4%.

With the top rate of tax reduced to 40% in the Budget, the net return to such investors has risen to 5.0%. Basic rate taxpayers, of course, do even better with a net return of 6.3%.

The Trust also offers the potential for capital growth, particularly when interest rates fall and, given the Government's determination to contain inflationary pressures, the prospects for this happening are good.

Preference Shares

Preference shares are fixed interest securities which are issued by companies, usually with no fixed repayment date. They offer higher yields than gilts and greater potential for capital growth, particularly if the stock is repaid early or the company is taken over - there have been many examples of this in recent years and we expect the trend to continue.

GENERAL INFORMATION

Prices, yield and distribution dates
Unit prices will be calculated daily and both the prices and yield quoted each day in the national press. Units are sold by the Managers at the offer price and bought back at the bid price. The bid price during the launch period will be 94% of the offer price. However, the Managers have the discretion to vary the difference between these two prices.
Income will be distributed quarterly on 7th March, 7th June, 7th September and 7th December.
The first distribution will be made on 7th September 1988.
Management charges
An initial charge of 5% will be included in the offer price of units. The annual charge of 1% (plus VAT) will be deducted from the income of the Trust.
Please note that the Managers have discretion to increase the annual charge to a maximum of 2% on 3 months' notice to unitholders.
Commission is paid to qualified intermediaries. Rates are available on request.
To sell your units
Units can be sold back to the Managers on any business day at the bid price ruling on receipt of your instruction. Payment will usually be made within 10 working days of receipt of your renounced certificates.
Trustee
Citicorp Trustee Company Ltd.
Managers
Prolific Unit Trust Managers Ltd., 222 Bishopsgate, London EC2M 4JS. Tel: 01-247 6544. Registered in England No 959864. Registered office as above. A subsidiary of Prolific Financial Management plc.

8.4%
Estimated gross starting yield.

- High and stable income
- Potential for capital growth
- Active management by proven experts
- Post-Budget opportunity - now more attractive to higher rate taxpayers

Other Fixed Interest Stocks

This section of the portfolio includes gilts and corporate fixed interest securities, such as debentures and loan stocks. In the case of gilts, both the income and repayment values are guaranteed by the Government. Debentures and loan stocks are issued by companies, usually yield more than gilts and, like preference shares, will often produce additional capital gains if the stock is repaid early or if the company is taken over.

Convertibles

Convertibles are also issued by companies and, like most fixed interest investments, provide a fixed level of income and repayment of capital on a specified date. However, they also offer the unique option of conversion into the issuing company's ordinary shares. Because of their high yield and guaranteed repayment date, convertibles tend to hold up much better than ordinary shares in a falling equity market, whereas they tend to follow closely when the market rises.

With inflation set to continue at a low level and excellent prospects for corporate profits, the outlook for equities is good; the

Trust's holdings of convertibles should benefit accordingly.

Anticipated initial composition of the Trust:
65-75% Preference shares
15-20% Other fixed interest stocks
10-20% Convertibles

About Prolific

The Prolific investment team has gained a high reputation for successful investment management, both in the U.K. and in international markets. As a result, Prolific has developed into one of the country's fastest growing financial services groups.

Total Group funds under management exceed £1,200 million.

How to Invest

To purchase units, simply complete the form below and return it together with your cheque made payable to Prolific Unit Trust Managers Limited. Units will remain on offer at a fixed price of 50p until 22nd April, 1988, and a 1% discount in the form of additional units will also be given on all investments received by that date.

Thereafter, units may be purchased at the offer price ruling on the day we receive your instructions.

Please remember that the price of units and the income from them can go down as well as up, particularly over the short term.

PROLIFIC PREFERENCE & FIXED INTEREST UNIT TRUST

Please send this subscription form, together with your cheque, either to your professional adviser, if you have one, or direct to Prolific Unit Trust Managers Ltd. (Administration Centre), Bishopsgate, London, EC2M 4JS. Tel: (01247) 6544.

I/We wish to invest £..... (minimum £500 in the Prolific Preference & Fixed Interest Unit Trust at the fixed price of 50p per unit.

(A 1% discount will be given, in the form of additional units, on all investments received by 22nd April, 1988. Investments received after 22nd April, 1988 will be subject to the offer price ruling on the day of receipt.)

My/Our remittance, made payable to Prolific Unit Trust Managers Ltd is enclosed. I am/We are over 18 years of age.

Please indicate if you:

1. wish all net income to be reinvested automatically in additional units.
2. wish income distributions to be paid directly into your bank account.
3. would like to receive details on our monthly savings plan (minimum £30).

Surname (Mr/Mrs/Ms)..... BLOCK CAPITALS PLEASE

Forename(s) in full.....

Address.....

Postcode.....

Signature.....

In the case of joint subscriptions, the full names and signatures of all investors should be provided on a separate piece of paper.
This offer is not open to the residents of the Republic of Ireland. FT 9/4

Sunday Telegraph
Unit Trust Group
of the Year.

Prolific

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Unit Trusts · Pensions · Life Assurance

PROBLEM NO. 713

BLACK (14 MEN)

WHITE (13 MEN)

Westerners V. Lengyel, San Felipe 1973. White (to move) sacrificed a pawn for this position but now Black has offered a knight. Can White capture 1 QxN, and how should the game go with best play?
Solutions Page XXI

Leonard Barden

NOW IS THE TIME FOR YOU TO OPEN A US BANK ACCOUNT

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Please send me Bell Savings Bank brochure.

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Address.....

On Thursday April 7th 1988 the world became a safer place.



For some.

It can happen. People get toothache in Tangiers, fevers in Faro, smash-up hire cars in Cremona and lose their luggage in Lyons. For most, these would be disasters. For some, help will only be a 'phone call away.

Because last Thursday American Express introduced a new service for Cardmembers.

It's called GLOBAL ASSIST.

All Cardmembers, travelling abroad, will be able to

telephone GLOBAL ASSIST for instant, 24-hour, medical advice on the 'phone, the name of an English speaking dentist, a referral to a suitable lawyer, or any other emergency help from a team of specialist agents.

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If not, you're on your own.

Call 0273 696933 for a membership application today.

Membership Has Its Privileges.SM

Michael Wigan reports on the endangered ecosystem of the Brazilian Pantanal

Splendours of the swamplands

IN 1543 the indefatigable Spanish explorer Cabeza de Vaca's expedition entered a swampy region in southern Amazonia into which, for the first time in this extraordinary traveller's land crossings of South America, he could penetrate no further.

Biting ants, swarms of mosquitos, sting rays and vampire bats turned him back from what is now, to use a worn phrase, one of the world's great ecosystems. Still barely inhabited, almost unknown to tourists and safari-seekers, the Brazilian Pantanal now is neither a hard place to reach nor uncomfortable to be in. And it hosts the largest concentration of fauna in the New World, including 30 endangered species.



Wildside

Geologically it is unusual, a 25m-acre alluvial plain, uniformly even at 300-400 ft, blending westwards with the not dissimilar Paraguayan Oshaco. To the north lies Chapada dos Guimarães, a strangely-eroded red bluff with springs falling over the lip and cascading into green jungly gorges which filter into the Pantanal. Southwards it extends to the central South American pampas and its waters become the Paraguay river, debouching into the sea thousands of miles away at Buenos Aires.

The Pantanal's immense plains of quickly-changing habitat and its innumerable blue, green and mauve lakes, both fresh and briny, are a unique environment. In the rainy season, November to May, the land is gradually transformed into a floodplain from which all life retreats onto the wooded ridges and bars still above water. Then, from June, the waters seep back into the Pantanal's labyrinth of sluggish streams, lagoons and rivers, sometimes so fast that the ranch cattle get stuck in the baking mud.

The habitat is diverse. Savanna is interrupted by a patch of forest, then a river. The low bush becomes a marsh dotted with skeletal trees shrouded with creepers, a confusing swampland of streams travelling in myriad directions. Along big rivers there are gallery forests, and the green corridors are broken up by successions of silver sandbanks.

The birdlife in this exotic environment is profuse. Over 600 species are listed, and owing to the openness of the country they are easily seen. Idiomatic are the man-sized, red, black and white

caribou storks solemnly standing alone, then taking to the wing with great long strides, pushing the ground away from them. The querulous hyacinth macaws beat from tree to tree in squawking groups. Egret colonies look like confetti in the trees, storks, roseate spoonbills, ibis, herons, rails, skimmers, ducks and geese (in summer), cover the waterfront.

Several different raptors are frequently circling at once, turkey and black vultures being common. Smaller falcons, hawks and kites are posted around the swamps feeding on the ubiquitous crustaceans, reptiles and giant frogs. The small bird life is vivid and abundant, mostly found in low bush, and includes many hummingbirds, flycatchers, tanagers and orioles. Kingfishers are common by water. After four days birdsighting I counted 25 new species in an hour by moving to a marginally different habitat off the lodge airstrip. Amongst the monstrous-billed toucans the Pantanal boasts the biggest, the toucan.

Underpinning this rich ecosystem are the small migratory non-carnivorous fish which come in from the Paraguay river between September and November. They feed the birds and alligators and they support the bigger sport fish for which in Brazil the Pantanal is known.

Many magnificent freshwater species abound. The piranha at over 400 lb is some form of freshwater shark. The orange-yellow, weird and whiskered jai at up to 200 lb (I saw one just under this weight) can take half a day to land. The famed trout-like dorado (up to 60 lb) is a fierce fighter and generally breaks free. Disturbingly extending its range because of heavy poaching of its chief predator, the alligator, is the notoriously voracious pirhana. In the Pantanal rivers no morsel lasts for long and a fisherman reported hauling in his pin-



Indigenous alligators: facing the water in motionless rows, they scuttle in as boats turn the corner.

tado with a dorado fighting for it from behind.

Of the Pantanal's animals, some are widespread elsewhere, like pumas, but idiomatic species are alligators and capybaras. Alligators face the water in motionless rows, scuttling in as your boat turns the corner. They surround one almost dried-out pool off the Transpantaneiro highway, shoulder to shoulder. The capybara is a large amphibious dumb-looking guinea-pig which breeds in June and is eaten by jaguars.

There is the largest otter, a victim of pothunters, and the Pantanal deer which drops its calf actually in the water in May. The king hunter is the nocturnal jaguar, whose pads in a family party we came across on a smudger in the morning. There are exotics such as tapir and anteater, and a particularly unpleasant boar, the white-tipped peccary, which attacks man in packs, slashing with its tusks.

That dreaded green and yellow giant constrictor, the anaconda, weaves through the waterplant at the swamp edge and has been known to slide over a boat's gunwale at night and hook out its drooping occupant. We saw one 20 ft long and I felt the strength of a small one coiling round my arm, even after it had been shot for strangling a domestic duck.

There are five monkey species found in the higher forest including spider monkeys and nail monkeys and black gibbon. Tourism in the Pantanal is a decade old; some say that land reclamation and illicit poaching mean the future is shorter. The few hotels or bush lodges are serviced by airstrips or tracks and

generally provide for hire aluminium flat-bottomed boats, guides and fishing tackle; those attached to ranches can organise horses for riding. Two I recommend are Fosso de Garcia in the centre on the San Lourenco river, and Fiosada das Araras along the Pantanal's only central road, the Transpantaneiro highway.

With the abundance of game one expects to eat well, and the variety of dishes is a welcome feature. However, tourism in the Pantanal is in low demand; good guides are rare; overcharging is common, and there is little infrastructure or information.

This palustrine paradise is under threat. Peripheral agro-improvements and draining, plus industrial gold-washing, have increased silt-levels in the system, killing off fish habitat. Although presently only about 3 per cent of the area has been developed, the results are showing in shallower rivers, a volatile water-table and smaller fish. The traditional inefficient cattle ranching is complementary to the ecosystem, and not antagonistic.

Poaching in this vast amorphous region is a serious problem. Monkeys, alligator skins, jaguar hides, macaws, tapirs, ocelot pelts and huge quantities of fish are emptied out of the Pantanal by professional gangs using hydroflats and automatic weapons. Jacques Cousteau was told that up to 2m alligators could be killed each year. Government interest is low and the two official protection organisations, the Forest Guard and the Brazilian Forestry Development Institute (IBDF) are considered ineffective.

In some cases the poaching is thought to be linked to Bolivian cocaine smugglers operating through the Pantanal's several thousand small airstrips. Animal cargoes go back to Bolivia and Paraguay, which are not signatories of the international species protection agreements.

Interestingly, one or two ranchers, prepared to take extreme measures, have successfully stalled poaching on their own patches, and seen wildlife stocks rise again. All in all, the possibility of an international conservation body being involved in a programme of integrated tourism and controlled fishing and hunting utilisation seems the best practical hope for the Pantanal's survival in its present state.



The Peugeot 405 GTD Turbo... for those who want style and economy

This Turbo is tops

THE LOCUSTS appeared like the first flakes of snow as I drove east from Taroudant, Morocco, with the windows of the Peugeot 405 GTD Turbo wide open to keep me cool.

I hate all creepy-crawlies. It was bad enough to see the locusts bursting on the wind-screen and hear them thudding into the radiator grille as the swarm thickened. But the thought of sharing the interior with a score of monstrous, yellow-green grasshoppers was too much.

Hot though it was, the windows had to be closed and I prayed that no locust debris would find its way through the fresh air vents on the fascia. With the car shut, the wind noise disappeared and the rumble of tyres on the coarse tarmac diminished, but the level of engine noise hardly changed.

Even by modern diesel car standards, this Peugeot is exceptionally quiet. It does not rely on a mix of wind and road roar to subdue mechanical sounds.

The 405 GTD Turbo 1.9T has a turbo-charged and inter-cooled version of the 1,769 cc engine that has made the 205 Europe's best small diesel car. It produces 90 horsepower, enough, Peugeot says, for a top speed of 113 mph (180 kmh). Tall gearing (over 26 mph or 40 kmh per 1,000 rpm in fifth) makes it long-legged and economical at motorway cruising speeds.

No, I saw no motorways in Morocco, but there were plenty of dead straight, well-surfaced and totally deserted roads on which to discover that, through the gears, it accelerates like a petrol-engined car as long as you keep the engine spinning at 2,000 or more rpm. Below that, it feels comparatively flat.

Peugeot had to turbo-charge the 1,769 cc engine, rather than the 1.9-litre used in the 309, because there could have been cooling problems with the larger unit. But the 405 can be had with an atmospheric (naturally aspirated) 1.9-litre engine and I found it just as agreeable a car.

Its low-speed flexibility compensated for what it lacked in through-the-gears acceleration. And although it is said to have a lower maximum speed (102 mph/164 kmh), in practice I had no difficulty keeping up with a well-driven Turbo.

The Turbo and the atmospheric diesels have almost identical official fuel consumptions. But the hard-driving press group managed 38.5 mpg (7.37 litres/100 km) in the atmospheric 1.9-litre car against 35 mpg (8.07 litres/100 km) in the Turbo. A sensible owner should get well over 40 mpg (7.06/100 km) from either car.

Although the 405 is still a new car, it feels so well sorted out that it might have been in production for years. Whether on tarmac or crossing river beds where concrete fords had been washed away by flash floods, it rode beautifully. It handles precisely, corners securely, drives with spirit, accommodates four full-sized people with room to spare, and has a very large boot.

The Coventry-built atmospheric diesels are in British showrooms now and will be joined by the Turbo in July. Prices are £2,745 for the GLD, £2,975 for the pusher GRD. The Turbo GTD will be around £12,500.

Last year, Peugeot diesel car sales in the UK grew by more than 40 per cent and more than one in five of the cars it made in Britain were diesels. This year, it expects confidently to displace Ford as market leader.

Offering a medium-priced turbo-diesel with the specification and looks of a GT is an innovation for Britain. VV, for example, never imported the Golf GTD turbo-diesel and BMW does not bring in its diesel cars at all. A high-performing, turbo-charged Citroen BX diesel will, however, soon be on sale in the UK.

Geoffrey Whalen, Peugeot Talbot UK's managing director who has led its recovery from near-

lust to boom, says some customers want fuel-miserly family cars while others fancy style, even sportiness, with diesel economy. He sees the 405 as being peccateers in the British mid-sized diesel market as much as the 305 has been among the super-minis. I think he is right.

In Morocco, I also tried the petrol-engined 405 automatic which becomes available in the UK in mid-June with a 1.9-litre, 110-horsepower carburettor engine; and in mid-August with a 125-horsepower, fuel-injected unit.

The four-speed transmission shifts smoothly and slips into third when speed drops below about 35 mph (56 kmh), ready for quick acceleration. It is an urbane, civilised transmission but Peugeot has no plans to offer it with the diesel engine for the time being.

Country motorists, in particular, will regret Peugeot's decision to confine the forthcoming on-demand, four-wheel-drive system to the 110-bhp, petrol-engined 405. Farmers and people in the construction industry are wedded to diesels. A 4WD 405 saloon or estate (due for announcement soon) that runs on cheaper fuel and keeps going across fields or on slithering tracks could be a winner.

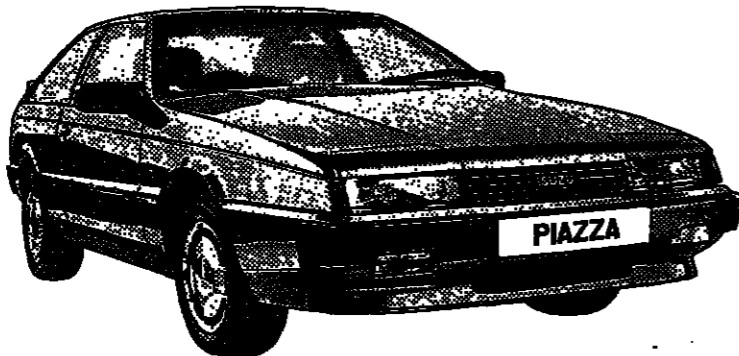
A fourth Peugeot I drove briefly was the 205 Rally. This uses the same XU 1.3-litre engine with a pair of twin-choke carburettors as the Citroen AX GT, with 103 horsepower under the bonnet it is a real little flyer, a fast fun car for the young that sells in France for £1,400 less than a 205 GTI.

It comes only in white and would, I am sure, make a lot of friends if sold in Britain. At the moment there are no plans to import it, mainly because Peugeot cannot make enough of the XU engines and gearboxes to satisfy domestic demand.

Stuart Marshall

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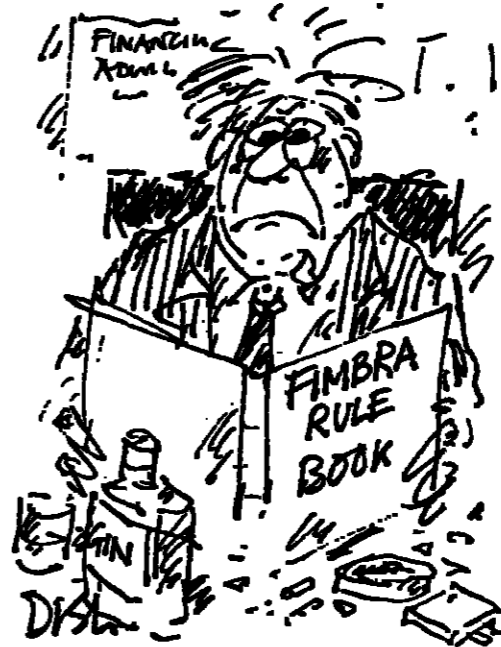
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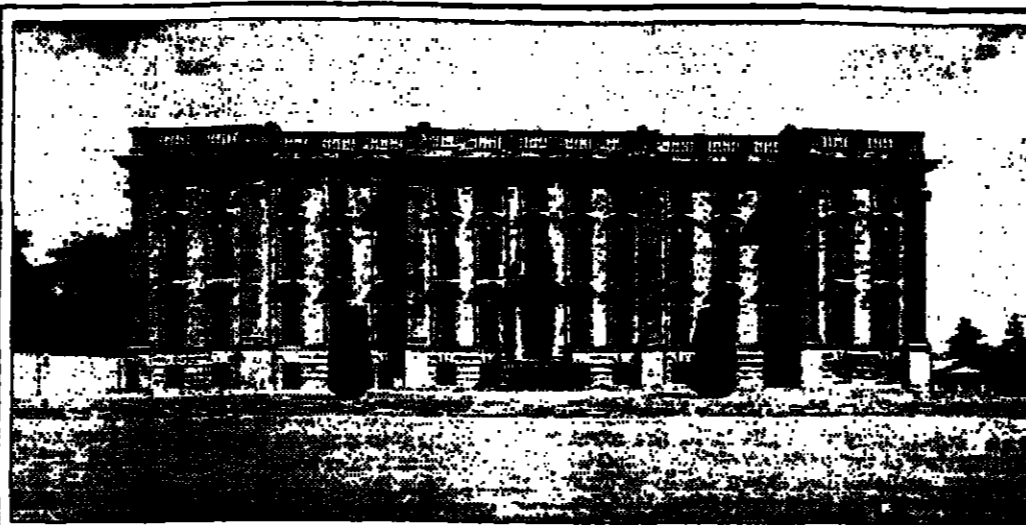
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Also available: 34 cottages, 192 acres of farmland and woodland and 17.5 acres of potential development land.

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Leicestershire

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Also available farmhouses with potential with 74 acres and 47 acres respectively. 2 lodges with 13 acres and 4 acres respectively.

In all about 772 acres

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Berkshire

Shinfield. Reading 5 miles. M4 2 miles.

A very pretty Georgian house

3 reception rooms, study, master bedroom suite, 3 further bedrooms and 1 further bathroom.

Guest wing with 2 reception rooms, 3 bedrooms and bathroom.

Heated swimming pool. Hard tennis court. Stabling. 3 paddocks. Gardens and grounds.

About 15 acres

Apply: London or Ascot (0990) 24782

(A/170/1020)



Oxfordshire

Didcot 4 miles. London 53 miles. M4 (Junction 13) 11 miles.

Outstanding fruit and arable farm with development potential

Attractive 5 bedroom principal house, farm manager's house, 6 semi-detached cottages. Excellent fruit handling facilities with 2400 tonnes cold storage. Grain storage for 1000 tonnes. 340 acres orchards. 540 acres cereals. Principally Grade 2 land.

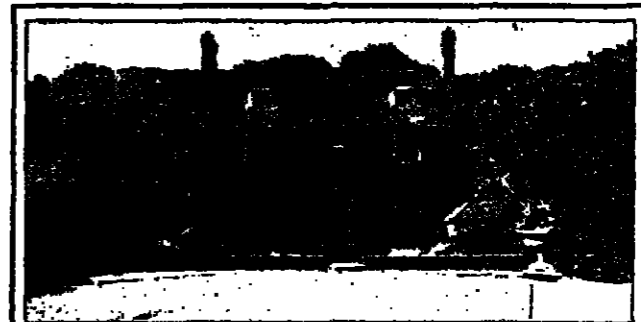
Well sited farm shop with Pick Your Own enterprise.

About 706 acres

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As a whole or in 11 lots

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Charleston Manor

East Sussex

Eastbourne 7 miles. Lewes 15 miles.

'A perfect house in a perfect setting' Nicholas Pevsner

This outstanding property is set in its own valley and comprises:

Manor house with 4 elegant reception rooms, 6 bedrooms and 3 bathrooms.

4 bedroomed guest house.

Clock house with planning permission for conversion.

The barn which is used as a theatre.

There are several fine period outbuildings and a gardener's cottage.

About 16 acres

Apply: London or Tunbridge Wells (0892) 515035

(A/170/1021)



Buckinghamshire

Aylesbury 8 miles.

A superbly laid out residential and amenity farm

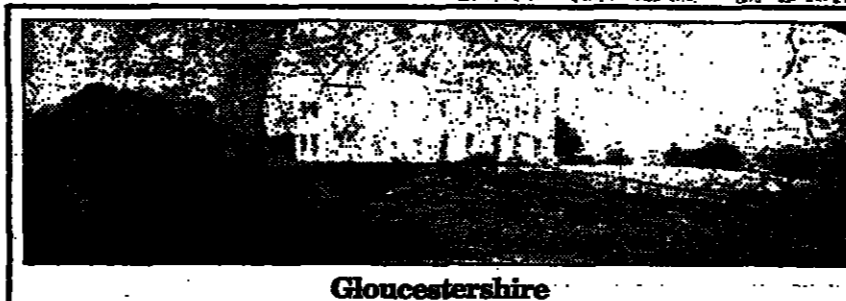
Attractive period house recently beautifully restored. Barn for conversion. Pevsner visit.

22 acre commercial deer farm.

About 275 acres

Apply: London

(A/170/1023)



Gloucestershire

Gloucester 3 miles. Bristol 34 miles. Birmingham 56 miles.

A listed Regency house in commanding position overlooking the River Severn

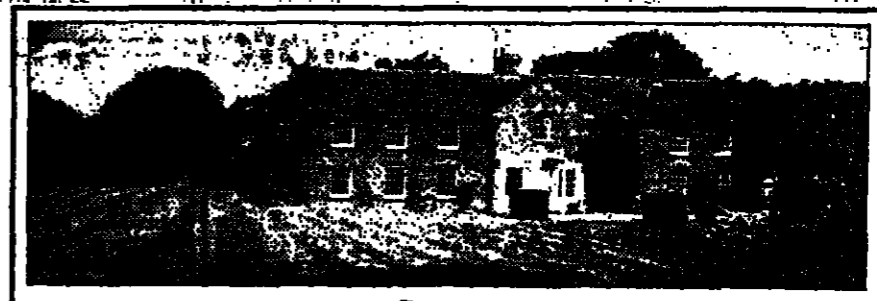
4 reception rooms, 5 bedrooms, 4 bathrooms. Shell wing. Courtyard and walled garden. Oil central heating.

Tennis court. Park and agricultural land. About 1,400 yards of the River Severn (ideal bank).

About 105 acres

For sale as a whole or in 3 lots

Apply: Hereford (0432) 272057, Gloucester (0285) 89771, and London



Sussex

Hailsham 5 miles. Edgitham station 6 miles. Charing Cross 65 minutes.

A particularly attractive residential farm

A pretty part 18th Century house with outstanding gardens. Small horse farm.

Timbered barn and farmyard with potential for residential development (subject to consent).

About 160 acres as a whole or in 6 lots

Apply: London

(A/170/1024)



Hertfordshire

Stevenage. London 24 miles.

A superbly located residential farm in its own secret wooded valley

Attractive small farmhouses with content to extend or rebuild.

Extensive range of buildings with stabling for 15.

About 110 acres

Apply: London

(A/170/1025)



Surrey/Berkshire Border

Windsorham. Ascot 7 miles. M3 4 miles.

A secure and imposing house with elegant reception rooms set in wooded grounds

8 reception rooms, 7 principal bedrooms and 6 bathrooms, 4 further bedrooms and 2 further bathrooms.

6 cottages. Hard tennis court. Swimming pool. Games room complex.

Garaging and outbuildings. Attractive gardens and grounds.

About 8 1/4 acres

Apply: London or Ascot (0990) 24782



Kent

Bevernocks 7 miles. Tunbridge Wells 6 miles. London 28 miles.

A Grade II Listed house with magnificent views

4 reception rooms, conservatory, 6 bedrooms, 3 bathrooms. Garage block with studio over.

with potential for staff quarters. Stable complex.

Timber framed barn. Mature gardens. Paddock and woodland.

About 5 acres

Apply: London or Tunbridge Wells (0892) 515035

(A/170/1026)



Sussex

Hammerwood

East Grinstead 9 1/2 miles. Tunbridge Wells 10 miles.

An exceptional house with unspoilt views towards the Ashdown Forest

4 reception rooms, 6 bedrooms, 2 bathrooms. Garaging, outbuildings.

Woodland, paddocks, magnificent gardens and grounds.

About 38 acres

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(A/170/1027)



Warwickshire

Exhall. Stratford-upon-Avon 8 miles. Birmingham 23 miles.

A fine substantial 19th Century farmhouse

3 reception rooms, 6 bedrooms, Coach house

(with scope for conversion, subject to Planning Consent).

Mature gardens and paddocks.

About 15 acres

Also a further 187 acres of arable, pasture and amenity land

available as a whole or in lots

About 172 acres

Apply: Stratford-upon-Avon (0789) 297735

(A/170/1028)



Oxfordshire

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A superb residential and commercial farm on the edge of the Chilterns

Period farmhouse with 4 bedrooms and 2 bathrooms, stabling for 7.

swimming pool, bungalow. Barn with planning potential.

First class arable farm with range of modern farm buildings.

About 204 acres

Apply: London

For sale as a whole or in 5 lots

(A/170/1029)



East Sussex

Mark Cross. Royal Tunbridge Wells 6 miles.

A substantial and well proportioned house set in the middle of its own parkland

Reception hall, Drawing room, Dining room, Sitting room, Billiard room.

7 bedrooms, 3 bathrooms.

2 cottages. Stabling. Landscaped gardens and grounds. Paddock.

Open air amphitheatre.

About 68 acres

Apply: London or Tunbridge Wells (0892) 515035

(A/170/1030)



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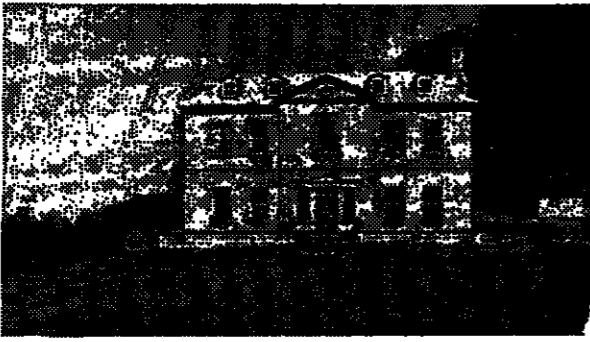
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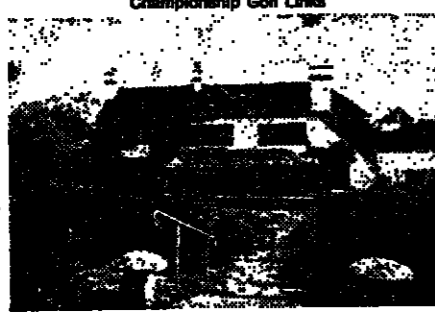


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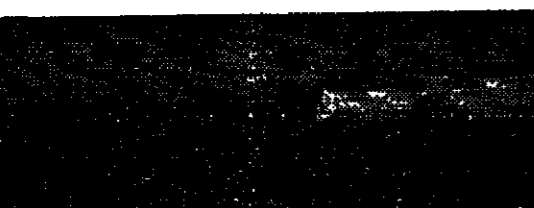
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John Brennan visits a West End gallery with a difference

New Landscapes to view

GRAFTON STREET, London, W1. P & CH chief George Tremlett has more than his share of galleries. The link between the triple A rated shops of Bond Street and their discreetly expensive neighbours in Dover Street is a Gallery fans have had a new set of landscapes to view, recently, three floors of them in all, stacked from floor to ceiling at 1a Grafton Street and each with its own sales brochure. There is no pressure to buy on the spot, no sale and delivery services, and none of the usual array of credit card symbols on the door to show that any internationally acceptable piece of plastic will do nicely.

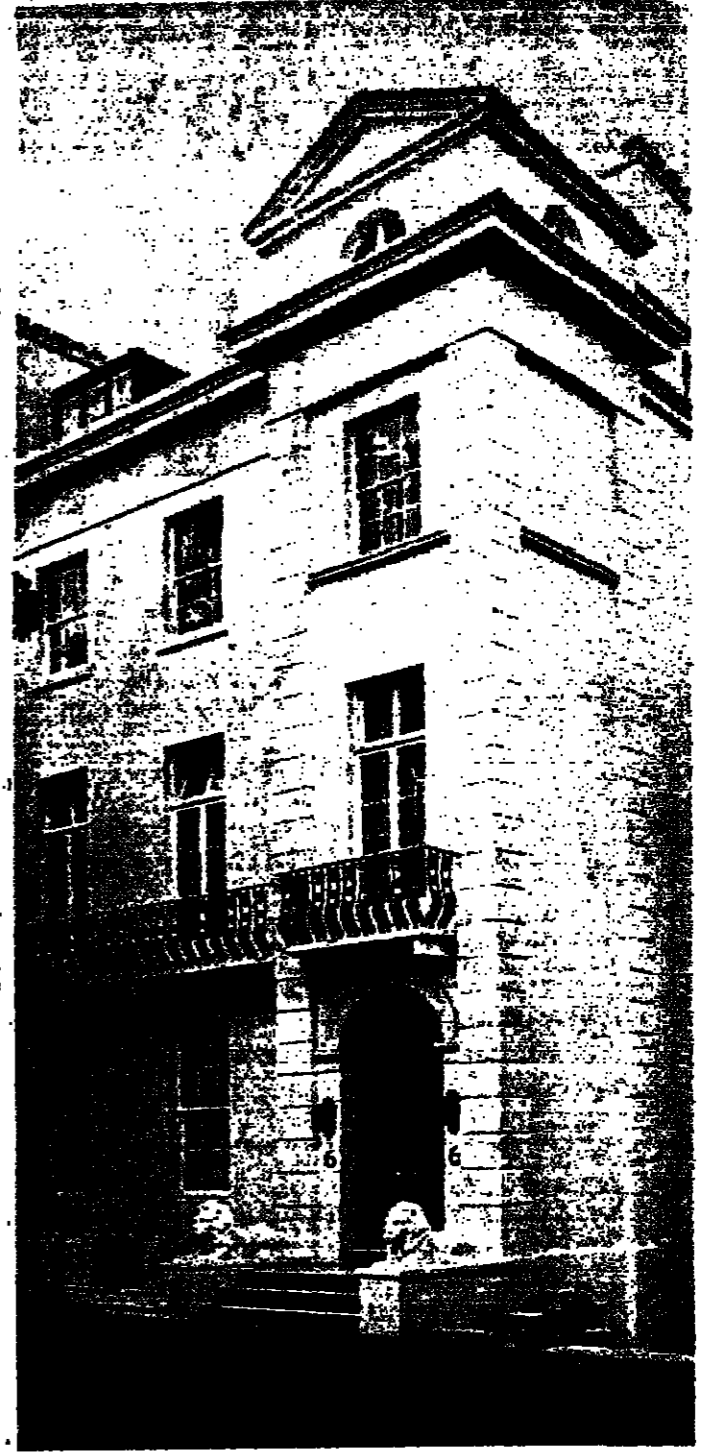
The gallery is Prestige & Country Homes' new showroom, packed with a continually updated London overview of the cream of the houses available through Prudential Property Services' 750-plus estate agency offices across England and Wales. Staff there act as a link with the Prudential agencies directly handling property sales elsewhere in the country. Although they could arrange a sale on the spot, the idea is to give prospective buyers a chance to see as many properties in different parts of the country as possible under the same roof. Out-of-London clients can tap into the network locally.

times think that you can tell when people like the idea of living in the country more than they'll like the reality of it," he says, "but as often as not you're wrong. You find that the least likely people fit in."

Nevertheless, a fair number of people do not make the transition. "You do get buyers who really only keep up with their London friends, leaving them down for weekends and keeping out of the local community. A good number of those go back into town after a time. I think that one of the problems is where you have a couple moving out to the country who haven't got young children, they don't have so many points of contact with people locally and so they have to make an effort and get out and meet people."

He does think that the comparative isolation of life in a village after living in major city is optional, but that it is a problem people do not fully allow for, particularly as it weighs far more heavily on the partner who is not travelling to work regularly.

"A lot of successful people who move out to a big house are travelling into town early in the morning and arriving back late and it does put a lot of stress on the family. When they decide to cut out the travelling and get a



CROWN ESTATE leases from smaller of the two completed on sub-lettings, and one of the selling points of the development of Nash style houses on the north of Regent's Park, in Albert Road, NW1, is that they can be let. Lassmanns (01-499-3454), which has been handling the sale of the houses, reports that one of the smaller houses in the scheme achieved £2,000 a week in a letting to a City group.

But then small is a relative term, a point underlined by the price of £1.2m for number 8, the Numbers 12 and 13 were sold separately last year. Number 11 sold shortly after completion leaving the £1.2 m number 8 and a four-reception, six-bedroom town, a point underlined by the price of £1.2m for number 8, the



HAROLD SAMUEL, the man who created the largest property company in the country, Land Securities, might have been expected to have a respectable sized home. His choice was Wyck Cross, Sussex, which was his home for

34 years before his death, and it was the 200-acre estate bordering the Ashdown Forest that provided the basis of his title when he became Lord Samuel of Wych Cross. Built in 1902 to the designs of

Edward Fisher, the house, eight substantial lodges and cottages, tennis court, swimming pool and the Thomas Mawson designed gardens are now being offered for sale by Lord Samuel's executors at a guide price of £3m. Savills

(01-499-9644) are suggesting a further £500,000 for another six cottages associated with the estate, which lies just five miles to the south of East Grinstead and 20 miles from the coast at Brighton.

JACKSON LYMINGTON, HAMPSHIRE An opportunity to acquire a property with enormous scope for potential for modernisation and improvement. The cottage which has the best address in Lynton is situated close to the town centre and town quay. 2 reception, kitchen, 2 beds, bathroom, garage and garden. Auction price guide: £100/105,000. Tel: (0590) 75025

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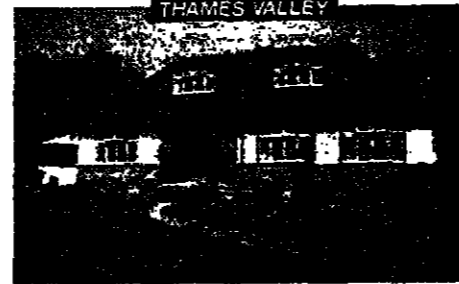
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 Carefully restored period house throughout creating a bright and spacious atmosphere whilst retaining many fine period features. Drawing room, dining room, kitchen, 3 main bedrooms, bathroom, shower room. Self-contained 2 room basement flat. Landscaped garden.
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 Hamptons London Office: 01-493 8222



PRIMROSE HILL, NW1
 An impressive Victorian family home offering elegant and spacious living. Close to Regent Park. Reception room, dining room, breakfast kitchen, 4/5 bedrooms, 3 bathrooms. Staff bedroom and bathroom. Self-contained 2 room basement flat.
 £820,000. Freehold.
 Hamptons Hampstead Office: 01-794 8222



BRAY, BERKSHIRE
 Impressive detached chateaux style property located in quiet location. Master bedroom suite, 3 further bedrooms, cloakroom, 3 reception, kitchen, Gas fired CH. Detached sunroom of building room with en suite shower room. Garage. Gardens of 4 acres.
 £1,100,000. Freehold.
 Offices around £625,000.
 Hamptons Maidenhead Office: (0628) 74453



BURNHAM, BUCKS
 Originally the conservatory of this large garden house planned in a pretty conservatory area with delightful private grounds of 4 acres and views to open countryside.
 2 bedrooms, bathroom, reception, kitchen, entrance hall. Garage. Gas CH. Sole Agents.
 £275,000. Freehold.
 Hamptons Giddy & Giddy, Burnham Office: (06286) 62596



RADHURST, EAST SUSSEX
 Outstanding detached family house on a building of desirable Victorian style. Entrance hall, cloakroom, 3 reception, sun room, conservatory, kitchen, utility room, 4 bedrooms, dining room/breakfast room, 5 bedrooms, Gas fired CH. Double garage. Garden and paddocks, about 3 acres.
 £1,250,000.
 Office in care of £250,000.
 Hamptons Mayfield Office: (0435) 872294



ALLTISEN ROAD, NW9
 Modern semi-detached house with charming south west facing garden. Ideally located close to excellent facilities of St John's School High Street and close to Regent Park. 4 bedrooms, 2 bathrooms (1 en suite), shower room, kitchen/dining room, sunroom, cloakroom, integral garage.
 £450,000. 92 year lease.
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COOMBE HILL, KINGSTON
 2 exclusive new detached houses in a superb development overlooking Coombe Hill Golf Course, each with approx 1/2 acre garden. 5 bedrooms, 3 bathrooms, shower, sunroom, entrance hall, 3 reception, cloakroom, kitchen/breakfast room, utility Garage. Security gates. Sole Agents.
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 Hamptons Wimbledon Office: 01-946 0081



HAMSTEAD MARSHALL, NR NEWBURY
 Grade II Listed mill being converted into 6 luxury 2 bedroom apartments and 1 detached cottage. Specifications include Paganini Kitchen, luxury bathroom and shower room and landscaped communal gardens of about 4 acres. Units 1 & 2 are complete and available for viewing.
 Prices from £150,000 Leasehold.
 Hamptons Giddy & Giddy, Newbury Office: (0635) 40582



NEAR SEVENOAKS, KENT
 Handsome and well appointed Georgian rectory set amidst landscaped grounds of about 2 acres. Reception hall, cloakroom, 3 reception, conservatory, study, kitchen, 5 principal bedrooms with built-in wardrobes, 2 further bedrooms, 4 bathrooms, 4th bathroom. 18th century coach house. 2 bedroom cottage. Pretty garden.
 Substantial Offers invited for the Freehold.
 Hamptons Sevenoaks Office: (0732) 452222 or London Office: 01-493 8222



RUR HASLEMERE, SURREY
 A fine Grade II Listed barn converted to the highest specifications amidst beautiful countryside. 5 reception rooms, kitchen/breakfast room, 2nd bathroom, 3 reception rooms, cloakroom, utility room, master bedroom suite, 5 further bedrooms, bathroom, shower room, 5 bay open fronted barn.
 Price Guide £480,000
 Hamptons Messenger May, Haslemere Office: (0438) 23407
 Hamptons Coningsham Office: (0485) 872294



HOLLAND PARK, W14
 Backing onto landscaped private landscaped gardens of approximately 2 acres, an extremely well maintained period house with potential to become a fine family home. 2 or 3 bedrooms, 2 bathrooms, boarded ground floor drawing room, kitchen and dining room.
 Offices in the region of £675,000. Freehold.
 Hamptons London Office: 01-493 8222



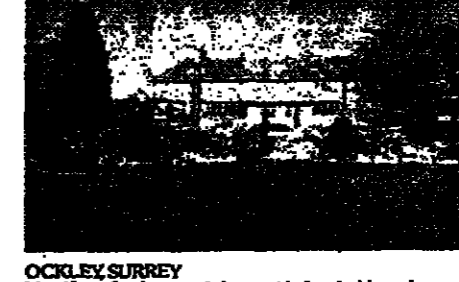
HADLEY GREEN, HERTFORDSHIRE
 Grade II Listed house in a beautiful setting. 7 bedrooms, 4 reception rooms, art room, kitchen, 4 bedroom suites, 3 further bedrooms. Cottage with 4 main rooms, 3 secondary rooms and kitchen. Office suite of 1,210 sq ft. Charming inner courtyard, carriage drive and parking.
 Offices invited for the Freehold.
 Hamptons Busset Office: 01-441 6776



HIGH IN THE CHILTERNS
 A fine country house in a beautiful setting. 7 bedrooms, 4 bathrooms, 3 reception rooms. Long carriage drive. Entrance lodge. Rich built stables with five over-swimming pool. Hard tennis court. 14.5 acres.
 Freehold for Sale.
 Hamptons London Office: 01-493 8222



MAYFIELD, EAST SUSSEX
 An imposing detached country house set in rural position. Reception hall, cloakroom, 3 reception, kitchen/breakfast room, 1 bathroom, 2nd bathroom, 3 reception rooms, cloakroom, utility room, 4 bedrooms, 4th bedroom. Oil fired CH, Gas fired CH, Garage for 4 cars. Outbuildings. Garden and paddock, about 5 acres.
 Offices in the region of £225,000
 Hamptons Mayfield Office: (0435) 872294



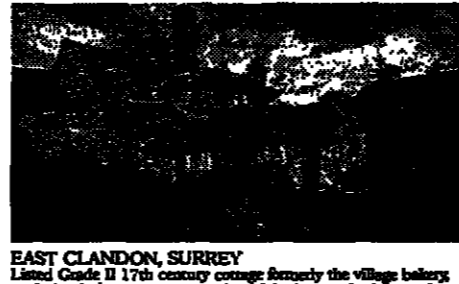
OCKLEY, SURREY
 Magnificent farmhouse style home with detached house set in 12 acres. Master bedroom suite with dressing room, 4 further bedrooms, 2nd bathroom, 3 reception rooms, cloakroom, kitchen/breakfast room, utility Garage, Outbuildings. Gas fired CH. Detached 2 bedroom, 2 reception cottage.
 Freehold for Sale.
 Hamptons Coningsham Office: (0485) 274204



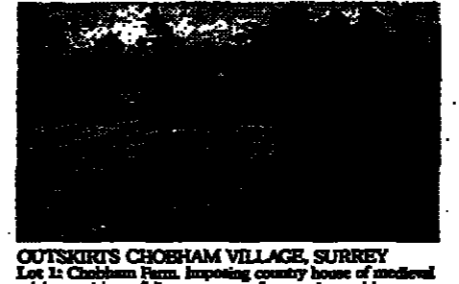
PERIOD STYLE DEVELOPMENT, SW1
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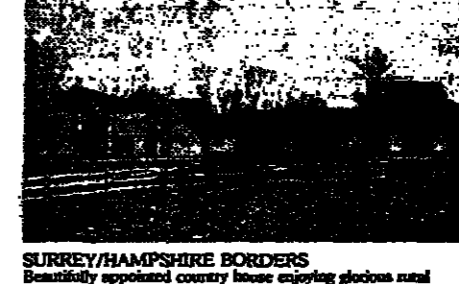
BARNSTAPLE, NORTH DEVON
 Beautifully situated agricultural estate comprising one of Devon's finest houses, listed Grade I, a pair of cottages and surrounded by 160 acres of parkland. 5 further extensive farmhouses, farm buildings, 540 acres of farmland and 180 acres of mixed woodland. In all about 662 acres.
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 FOR SALE BY AUCTION: Auctioneers with 48 A WORKER ON IN LOAN ON FRIDAY 20TH MAY 1988 AT 3.30PM.



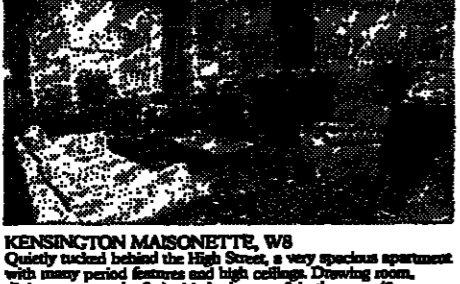
EAST CLANDON, SURREY
 Listed Grade II 17th century cottage: formerly the village bakery set in lovely 1/2 acre cottage garden. 2 bedrooms, bathroom, 2 reception rooms, farmhouse style kitchen and breakfast room with Aga, reception hall, cloakroom, pillared entrance and forecourt with garage block and garden rooms.
 Guide Price £240,000.
 Hamptons Messenger May, Guildford Office: (0483) 502222



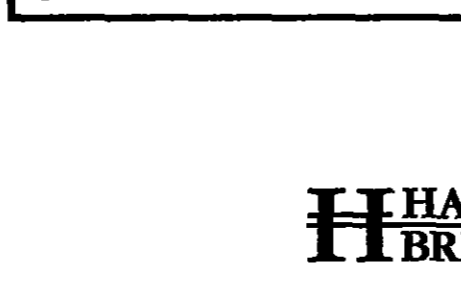
OUTSKIRT'S CHOBHAM VILLAGE, SURREY
 Lee in Chobham Farm, imposing country house of medieval origin requiring a full programme of restoration and improvement. Reception hall, 4 reception rooms, cloakroom, staff sitting room, 8 bedrooms, 3 bathrooms, detached brick stable with store over (suitable for conversion). Garage, Outbuildings. Grounds of about 4.55 acres.
 Lot 2: The Lodge in grounds of 1.275 acres.
 Hamptons Guildford Office: (0483) 572864 and Hamptons Messenger May, Guildford Office: (0483) 502222



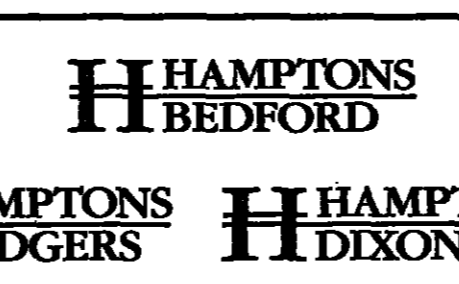
SURREY/HAMPSHIRE BORDERS
 Beautifully appointed country house enjoying glorious rural location. Reception hall, cloakroom, 4 reception rooms, 1 bathroom, 3 bedrooms, kitchen/breakfast room, tennis court. Garage. Stable complex with process control, storage, garden and tiled paddocks of approximately 18 acres.
 Freehold for Sale.
 Hamptons Farnham Office: (0252) 712324



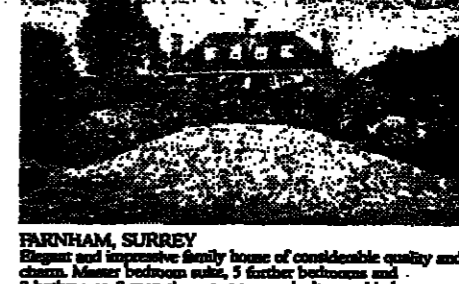
KENSINGTON MAISONETTE, W8
 Quietly tucked behind the High Street, a very spacious apartment with many period features and high ceilings. Drawing room, dining room, study, 3 double bedrooms, 3 bathrooms, (2 en suite), kitchen, cloakroom, laundry room. Garden. Independent gas central heating. Entrance phone.
 £415,000. 68 year lease.
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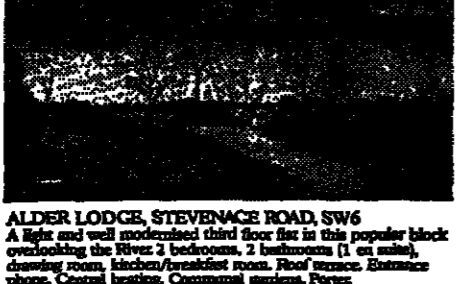
EAST CLANDON, SURREY
 Listed Grade II 17th century cottage: formerly the village bakery set in lovely 1/2 acre cottage garden. 2 bedrooms, bathroom, 2 reception rooms, farmhouse style kitchen and breakfast room with Aga, reception hall, cloakroom, pillared entrance and forecourt with garage block and garden rooms.
 Guide Price £240,000.
 Hamptons Messenger May, Guildford Office: (0483) 502222



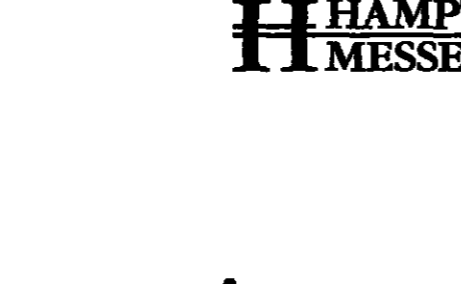
OUTSKIRT'S CHOBHAM VILLAGE, SURREY
 Lee in Chobham Farm, imposing country house of medieval origin requiring a full programme of restoration and improvement. Reception hall, 4 reception rooms, cloakroom, staff sitting room, 8 bedrooms, 3 bathrooms, detached brick stable with store over (suitable for conversion). Garage, Outbuildings. Grounds of about 4.55 acres.
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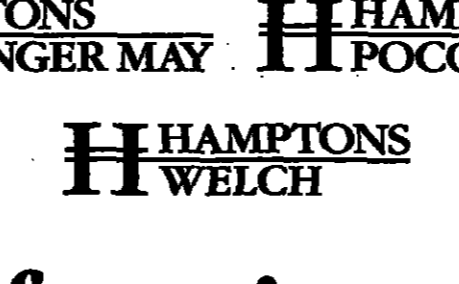
FARNHAM, SURREY
 Elegant and impressive family house of considerable quality and charm. Master bedroom suite, 5 further bedrooms and 3 bathrooms, 3 reception rooms, cloakroom, kitchen, breakfast room, utility Garage. Gas fired CH. Outbuildings. Garden of just under 3 acres.
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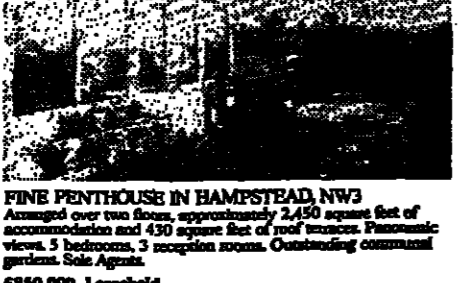
EAST CLANDON, SURREY
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 Guide Price £240,000.
 Hamptons Messenger May, Guildford Office: (0483) 502222



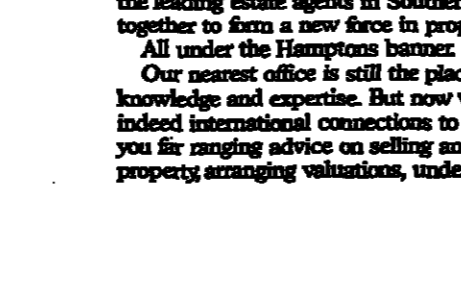
OUTSKIRT'S CHOBHAM VILLAGE, SURREY
 Lee in Chobham Farm, imposing country house of medieval origin requiring a full programme of restoration and improvement. Reception hall, 4 reception rooms, cloakroom, staff sitting room, 8 bedrooms, 3 bathrooms, detached brick stable with store over (suitable for conversion). Garage, Outbuildings. Grounds of about 4.55 acres.
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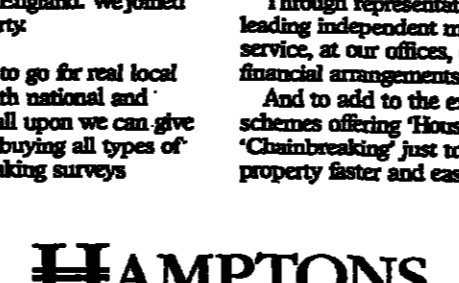
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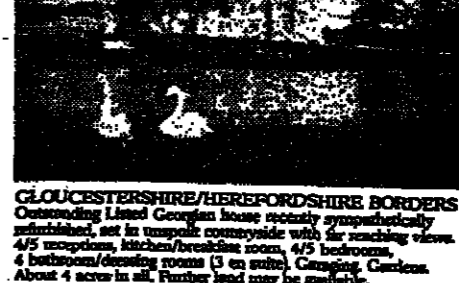
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EAST CLANDON, SURREY
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 Guide Price £240,000.
 Hamptons Messenger May, Guildford Office: (0483) 502222



OUTSKIRT'S CHOBHAM VILLAGE, SURREY
 Lee in Chobham Farm, imposing country house of medieval origin requiring a full programme of restoration and improvement. Reception hall, 4 reception rooms, cloakroom, staff sitting room, 8 bedrooms, 3 bathrooms, detached brick stable with store over (suitable for conversion). Garage, Outbuildings. Grounds of about 4.55 acres.
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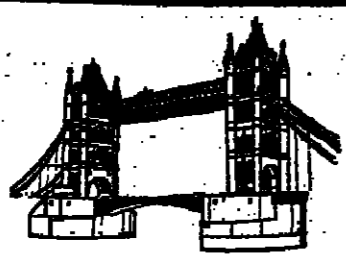
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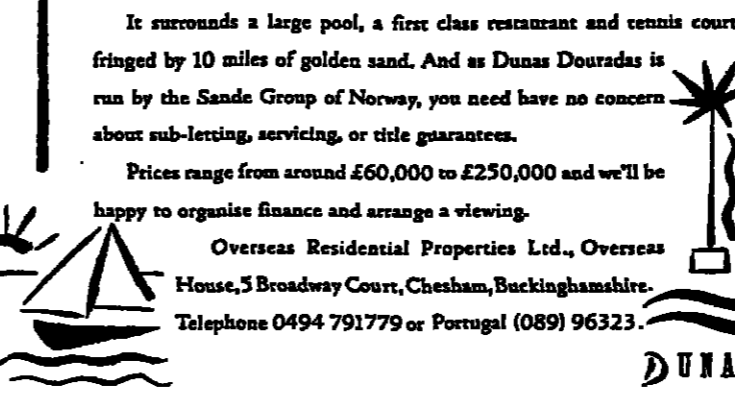
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GARDENING

Dear Diary, (writes Robin Lane Fox), here's what I did at Easter



Of mice, men and manure

THERE IS no shortage of garden columns that tell us what to do at Easter. Somehow, none of them tells us what the authors have done themselves. It might reassure you if I put on record the Country Diary of a Late 20th-Century Holiday-Maker. I think it is self-explanatory, if you bear in mind that our house is just beside the village church.

Mammy Thursday: Order one ton of semi-rotted pig manure for Easter spreading from local pig unit. Bribe two nearby cable-diggers from electricity board to remove the last of my venous confusers' tree stumps...

half-turn roots lie on the surface, leaving the third and two halves below ground. Return to plant new pink lavender from Scotland which hates pig manure and is, therefore, safe. In afternoon, no rain, no clouds. Would have suited Tumbleweed, despite forecast. Pig manure starts to hot-up remarkably under blue sky.

Am diverted by arrival of nearby garden centre for a shrub swap. They have agreed to bring eight viburnum carolinianum, 1 standard Portuguese laurels, bought on spec. From another garden centre by phone and an object of ridicule to the family ever since. Find by heavy digging that my Portuguese laurels have rooted very much better than

their viburnums; haul them into garden centre van, suggesting they contact their least cost-conscious customer and sell them as screening among his Japanese maples. Plant the eight viburnums until dark. Return indoors to crisis in bathroom, where daughter thinks she has heard mice under the bath. Denied hotly until treble squeak confirms visitor under the floorboards. Left to take bath to squeaking scratching noises in order to prove there is nothing wrong.

Easter Saturday: Discover bird's nest inside excessive hole made for bathroom waste-pipe by non-VAT-registered plumber last winter. Reach compromise with under-floor noise by saying birds are robins, not starlings. Return to Weekend FT, which always delays action. Back onto terrace with wife. Further discussion about Tumbleweed: decide it looks much too clearly. Instead, plant part of border above half-mangled tree roots. Use copious pig manure on plot. Day 8: After Sunday: Early start on the 'Tumbleweed'. Puncture bottle-head with garden fork and

her look under cover to find horrendously green-black water, algae and dead leaves. Very hot afternoon, so hot as to make Tumbleweed evaporate. Garden wildly to make up for lost time. Plant perovskia Blue Spire (no pig manure) and unusual philadelphus from Hopley's of Much Hadham (probably too much pig manure). Back to bath among bird-squeaks; wife now understands how gardeners get earth stains onto underpants through gardening trousers. Easter Monday: Vilely cold, contrary to forecast. Spend morning dining favourite campanula Blue Moonlight to give colour under viburnum until the 1980s. Perfidious woman in gumboots comes to collect my order from a mail-order catalogue which I never asked to be put through the letter box in the first place. Abandon hopes of further spraying in high wind. Instead, take children off to fairy local point-to-point. Amazed by number of motorists who mix blackcurrant jam and champagne in car-park picnic behind wind shelters. Return to find non-racing wife has rearranged gardening tools, boots and chaotic store cupboard. Everything banished to back passage. End Easter, on strict undertaking that gardening boots in future will be banned from the front porch. Robin Lane Fox is the winner of the Arthur Sandleys award for outstanding contributions to leisure writing, announced last week in the British Press Awards for 1987.

Arthur Hellyer discovers some tasty treats for autumn

When Bliss is a raspberry

THE NEW late-fruiting raspberry, Autumn Bliss, has now been grown commercially for five years, sufficient time to confirm that it is a very good variety for both market and garden use. It crops much more heavily than any of the old varieties of this type; has large, firm, well-flavoured fruit; and makes sturdy canes requiring a minimum of support. It is resistant to the large raspberry aphid, bearer of some of the worst virus diseases, although not notably to other pests and diseases. It is now becoming available much more freely in garden centres as well as specialist fruit nurseries.

Autumn Bliss received an Award of Merit from the Royal Horticultural Society on August 11 last year, and that date is significant since it emphasises the earliness of the variety in comparison with other late-fruiting raspberries (although, like them, it does continue to produce ripe fruits in September and October). Partly because of this, which links it with the summer-fruiting raspberries, the experts who produced it at the Institute of Horticultural Research in East Malling, Kent, prefer to drop the description 'autumn-fruiting' altogether in favour of primary cane or primocane, which describes more accurately what late-fruiting varieties are. All produce their fruit on growth made that same year, in contrast to summer-fruiting raspberries, which fruit on growth made the preceding year.

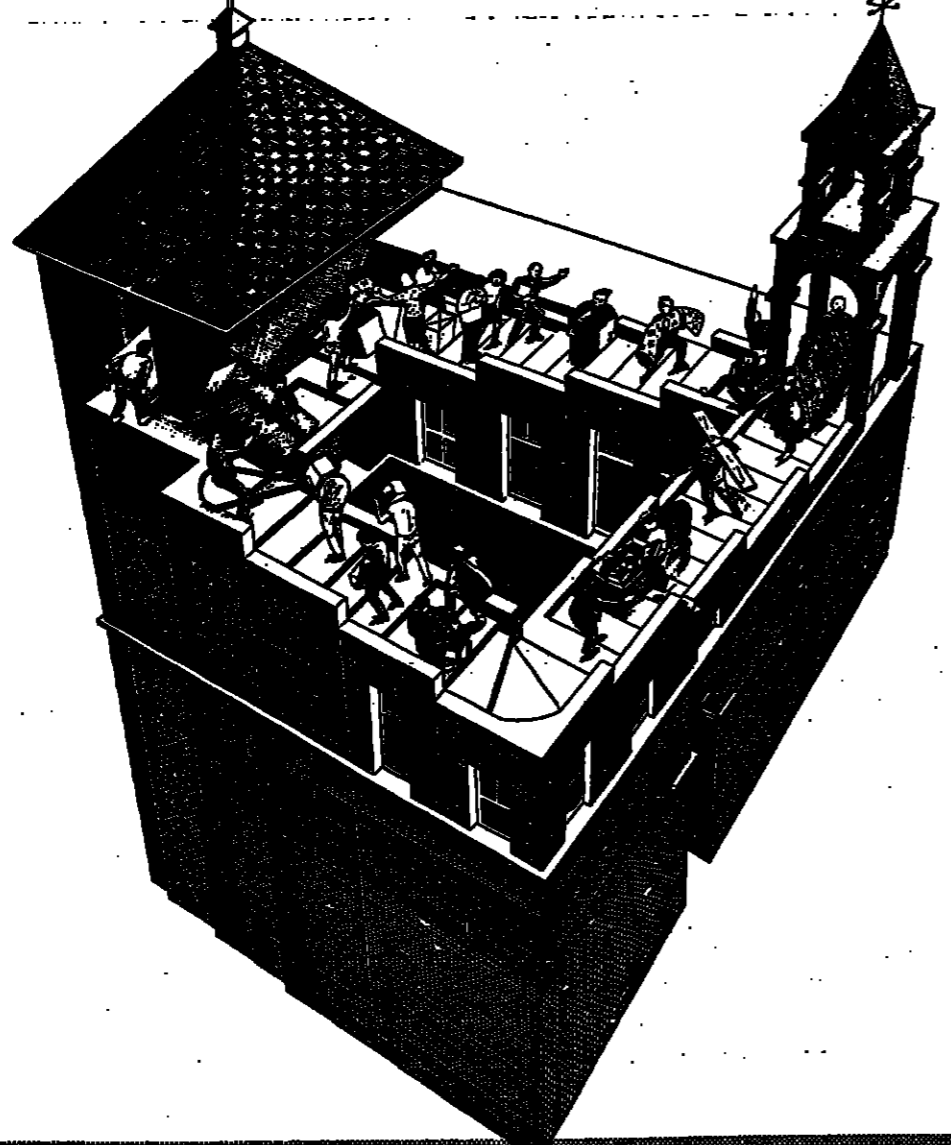
For home gardeners, this characteristic has other important advantages. It makes pruning even simpler, since all growth is cut virtually to ground level each winter when leaves have fallen. Commercially, it is being done with mowing machines, and private gardeners could quite safely use a brush cutter or slash the old canes off with a hook if that seemed worthwhile to save time.

During the spring and summer, there is only one lot of growth to be looked after - that actually producing the crop. (By contrast, summer-fruiting raspberries cut their canes every two lots of growth, the fruiting canes and the young canes which must be preserved carefully since the following year's crop depends on them). In addition, there is less chance of pests and diseases picked up by the old canes being passed on to the new ones, since they never exist side by side; and, after the winter pruning, the old canes can be burned.

What stopped the old autumn-fruiting raspberries ever becoming very popular was their relatively low yield and lateness, which put much of the crop at risk from cold, wet weather. By that appear to have the qualities that commercial growers appreciate - freedom from prickles, which will make picking easier, and greater, and a greater suitability for mechanical harvesting. However, I doubt whether the little prickles on Autumn Bliss will bother the home gardener much. There is also a demand for varieties from which the central 'plug' of the fruit can be removed more easily; for primocane raspberries more resistant to a wide range of pests and diseases; and for varieties giving more of their crop in August and September. The trials at East Malling show impressive progress in all these directions, but not as yet all combined in the one new plant that could be a world-beater.

New strawberries also are produced at East Malling and this autumn will see the introduction of Pandora, which some experts believe to be the best British-bred type since Reigantlet 30 years ago. Pandora takes the picking season up to mid-August without need to use remounting or everbearing varieties, which have numerous commercial disadvantages. I think amateurs will also like it for its big, well-coloured, high-quality fruits and its ability to give a crop nearly twice that of Cambridge Favourite. However, they are likely to wait a while because the initial distribution by Exuper Ltd, P.O. Box 108, West Malling, Kent, will be to commercial fruit-growers only, on a non-propagating basis. It will take a year or so for Pandora to get into the retail nurseries and garden centres, but it is certainly one to put on the waiting list. There is just one snag. It requires another variety growing nearby for cross-pollination or it will not produce a satisfactory crop. The popular Cambridge Favourite will do well.

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Janet Marsh previews a sale of bovine marvels
Beef, done rare



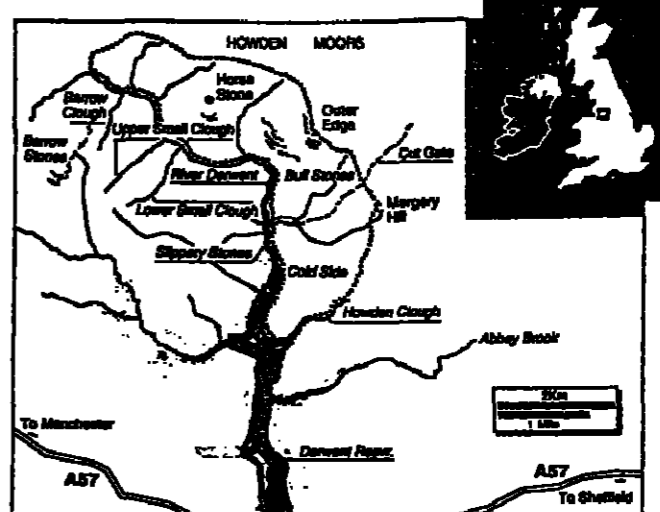
The White Heifer...expected to fetch between £8,000 and £12,000 at Christie's

NINETEENTH-century portraits of prize cattle can only fill us with amazement today. Did they really appear as the artist showed them - vast moonlike heads about with great pads of fat and flesh, bellies bulging from the ground between absurdly short legs of feet, their disportingly tiny heads gazing out patiently from the immobile mass?

The answer is that these paintings probably give us a very fair impression of how the animals looked, for British domestic cattle have changed dramatically over the years. In the time of Henry VIII, good cattle probably weighed little more than 300lb. A century later, the average weight had doubled, while by the early 19th century some of the animals, as portrayed in these pictures, weighed between 2,000 and 3,000lb.

throughout the 19th century. In 1798, the Smithfield Club was founded by a group of noblemen and gentlemen, including the Duke of Bedford and Sir Joseph Banks, to encourage selective breeding. Its annual shows in London drew huge crowds from all classes of society.

A Peak of seclusion



SANDWICHED between the sprawling commuter belts of Manchester and Sheffield, and cramped over by countless hikers every year, the Derbyshire Peak District might seem an unlikely place in which to find seclusion.

Secret Places

One memorable walk worth recounting began in wintry weather with a drive to the deserted road alongside Derwent reservoir. We planned to use the Derwent river valley upstream of the last footbridge at Slippery Stones to penetrate the remote Howden Moors, returning along the waterbed level.

Liberace's legacy goes on its last show
Litter with glitter



Liberace...a magpie

THE COLLECTION is the man. The point is made forcefully by the Liberace Collection, which went on show at the Los Angeles Convention Centre at the beginning of April and will subsequently be auctioned there by Christie's International in association with a local auctioneer, Butterfield & Butterfield.

he was playing in cinemas and ice cream parlours, graduating through nightclubs and student dances. At 17, he was performing as soloist with the Chicago Symphony Orchestra. While performing classical music under his own name, he doubled as a pop pianist under the name of Walter Rostarsky.

with Liberace, for the New York Post, admits to being disarmed completely by his friendliness and lack of pretension. There is a lot of this quality about the collection. Many of the 2,800 items are the most evocative of expensive tat, and yet it all has a coherence in that every piece clearly has been chosen. Liberace, at least, found it all pretty and lovable.

There is a childlike quality, too, in all the whimsical novelties, animal cushions and Christmas paraphernalia, which includes Liberace's personal Christmas stocking. One lot is described as a "miscellaneous group of religious articles" and includes a Japanese ceramic group of the Virgin and Child.

AEROSOL CANS, rusty refrigerators and fast food cartons are not usually the stuff to set political pulses racing. But for the environmental group Friends of the Earth, such ephemera are, rather, the chosen fluorocarbons (CFCs) contained within them - form the focus of its latest campaign.

Earth-savers
is spent on the original FoE pressure group. But, in the early 1980s it decided to form a second arm - the Friends of the Earth Trust - to operate an information service, conduct research and raise funds as a charity.

there had been no response from the target manufacturers. Then, the campaign moved into its second phase when FoE wrote to tell them that its 220 local groups planned a "boycott" of their CFC products, beginning on January 30. This was not involve handing out leaflets and sticking "warning labels" on aerosols. On January 17, the companies announced they would stop using CFCs.

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The Incomplete Angler

Anglers are on the whole, comparatively decent and even faintly virtuous souls. They are children and other living things. They make dutiful spouses, are respectful to their parents, and are good workers. Their misdeeds are usually minor sins of omission: a box of maggots left in the fridge, worms abandoned in a pocket, a dinner engagement overlooked in the excitement of a rise by an unusually co-operative trout.

They are characterised by humour, modesty and intelligence. In short, never has there been a greater calamity than Dr Johnson's celebrated jibe about "a worm at one end and a fool at the other." In his defence, it may be said that the remark is probably apocryphal, and that even if he made it, he at least excused fly-fishing which, he said, "may be a very pleasant amusement."

If fishermen do have a collective fault, it is perhaps that of acquisitiveness. However adequate their store of equipment for the efficient pursuit of their sport, they long for more. They sigh for the bewitching melody in the swish of a new graphite fly rod, and the soft click of a Hardy reel. This urge to possess the fixtures and fittings of angling in ever-greater quantities now extends as much to the technological advances of the present. There is an undiscriminating fever for old fishing tackle, and for handsome and not-so-handsome memorabilia associated with the sport.

A few weeks ago I went to an auction in Berkshire, which included fishing lots. There were a couple of interesting Hardy reels which fetched hefty prices, and a stimulating clutter of flies,

Fishy business: Tom Fort reflects on the acquisitive urge and the pleasures of acquiring fishing tackle

spinners, nets and so on. But the outstanding item - outstanding in its awfulness - was the worst example of tatters I have yet encountered outside an attic. It was said to be a pike, although it looked more like an outside kipper.

No such piece-of-art is permitted to grace the annual sale of fishing tackle organised by Pearsons, now absorbed into Prudential, and held near Winchester last week. This is by far the biggest event in what is a developing trade. It draws members of the fraternity from all over the place: the learned and the ignorant, the greedy and the mean, the mad and the merely fanatical.

As auctions go, it is a civilised occasion. It is free of that atmosphere of collusion between auctioneer and dealer which so often leaves the amateur enthusiast feeling unwelcome at country sales. It is a measure of the way the market for old tackle has expanded that as many as three dozen full-time or part-time dealers were there. They bought perhaps two-thirds of the 70 lots.

It is diverting to study the dealer. The women among them are smart. The men, with exceptions, are amazingly scruffy. Many have rough beards and several need haircuts. Their faces seem to have been shaped by the practice of talking out of the sides of their mouths. Their most expensive gesture is the half-inch lift of the bidding card.



A wary camaraderie prevails among most of them, although one or two, who are legends for success and sharp practice, are ostracised. A young West German I spoke to was delighted with the dealers who, aroused by the whiff of D-Marks, had wooed him.

His name was Dirk, and he was returning to Hamburg with arms full of rods and reels, some bought in the auction, some outside. "Your dealers, they are so polite to each other," he said. "They smile and laugh and tell jokes, and really they wish to roast each other alive." He apologised for his poor English, but I told him he put it well.

Overseas representation was somewhat down this year, and that was blamed on the state of the dollar. However, I met Manfred, another German, who was snapping up old cast salmon rods and Hardy reels for use by customers paying 200 or more a day to cast a line on his Norwegian investments.

There was also Joe from Connecticut, attending the auction for the sixth year running. Joe was disappointed not to get an ancient copper bait kettle. He wanted it for a spittoon, but thought \$200 a bit steep. But he came away with plenty else, the

prize being a deep sea outfit made by Hardy to the design of the cowboy writer and pre-eminent angling fanatic, Zane Grey. This was said to have cost Joe several thousand pounds, although the transaction took place outside the auction.

Inside, there was some disappointment at the standard. The Hardy reels were below par, with a best price of a mere £1,000. But there were wonderful items, nevertheless. The stuffed fish were superb, and fetched up to £250 each. The top price in the auction, £2,700, was paid for a fine painted model of a Tay salmon. A rare Scottish pin, a device for fixing the rod to a boat, made £750.

I regret to say that I bought nothing. Having found myself, after previous sales, clubbing a few holes in it (I'm sure my meaning is clear) and a rod so broken-backed that you could not beat a dog with it, I was determined to be sensible. True, I lusted after the books and the stuffed fish. I had a brief urge to acquire a dog, but I was deterred by the fact that I was not a dog with it. I was determined to be sensible. True, I lusted after the books and the stuffed fish. I had a brief urge to acquire a dog, but I was deterred by the fact that I was not a dog with it.

After all, we are fishermen because we want to fish. We want to pursue the sport felicitously described by Walton, a much sounder man than Johnson, as "so pleasant that it will prove to be, like Virtue, a reward in itself."



Faces of the past: Richard Neave with, from left, a model of the head of Philip of Macedon, Lindow Man and the unidentified victim of the Kings Cross fire

King of the cranium

Gerald Cadogan meets a man with a passion for skulls

WHEN the Metropolitan Police had one body from the King's Cross underground fire still unidentified, they turned to Manchester. They asked Mr Richard Neave, medical illustrator at the University, to reconstruct the head. He collected it and took it to his studio (with coroner's permit) and soon produced a model head, pictures of which are shown in the media and on posters asking the public if they can identify the victim.

Mr Neave tackled the King's Cross victim in the same way as he did Lindow Man and Philip of Macedon, which are both well-known. An Egyptian head in the Manchester Museum and a girl found murdered in the park at Highgate Palace in 1963. His first job is a close inspection of the skull, with a careful reading of the pathologist's and anthropologist's reports for details of how the person looked and what happened to him or her. A plaster cast of the bones follows. That is the best base for the modelling. It shows the features and brings out surface details in a uniform white, without the distracting highlights and shadows of a skull.

If the bones are fragile, he applies a very thin aluminium foil for thinning and laminating and gently burnishes it onto the bones, while consolidating the bones on the inside by packing them with plastic and hamster bedding. He then makes the cast. The cast leads to the head. Following standard tables worked out at the University of New Mexico from measurements of corpses, Mr Neave sticks small pegs of different lengths into the flesh to mark the thickness of the fleshy tissue.

Does this mean that all the heads will look like the inhabitants of Albuquerque? That is missing the point, Mr Neave says that his heads are types. They cannot be accurate portraits. A couple of millimetres here or

there does not make any difference. But, as types, they are realistic, and using the New Mexico tables has the important scientific and legal advantage that the heads are consistent among themselves. One head may reasonably be compared to another. Finally, clay is applied to cover the pegs and presto, a head appears that has been built from the inside out, not - as at Madame Tressand's - from surface study alone.

On ancient Mediterranean skulls, Mr Neave works with Dr Jonathan Mansgrave of Bristol University (anatomist and forensic consultant for the police) and with Dr John Prag of the Manchester Museum, whose task is to check the archaeology, and particularly the circumstances of burial. Later this year they go to Turkey to examine the skeleton found at Gordium in 1957 in a rich and huge tomb and attributed to the legendary King Midas of Phrygia, whose touch turned all to gold and who had asses' ears, which he covered with a cap. (But his barber knew). The team will scrutinise the skull for any traces of sebaceous horns that could have given rise to the story.

In the meantime there is work at home. In the studio, among the reconstructed hands (arthritis) and fetuses (various ailments) is a box of casts of the royalty of Mysene in the 18th and 19th centuries BC. It is the closest I have got to holding the head of a king. He had been trepanned - that is, a hole had been cut in the skull, to relieve a tumour or a concussion and possible haemorrhage after a blow with a blunt instrument such as a club. Mr Neave pointed to two types among the skulls, one with a prominent forehead, the other with a forward jaw. Does this mean two royal families? Were of the Roses in the Bronze Age? Why not?

Heads fascinate Mr Neave the artist. He talks of his heads with love, and looks keenly at all around. While doing Lindow Man he had to leave a motorway cafe in a hurry, when the lorry driv-

ers at the next table thought he was staring. He was only thinking how they resembled our earliest flesh and bones Briton. He has been working on heads since 1973, when he did an Egyptian head as part of the Manchester Mummy studies. That led to forensic medicine, which led to the early Greeks. And that to Lindow Man (who qualifies also as the first Mancunian, since Lindow Moss is just outside the city).

Forensic medicine is an under-nourished discipline, taught in Britain only at the London Hospital, where Dr Peter Vanezis has a team working on reconstructing heads by computer graphics, measuring the skull with a laser to produce a computerised 3D image. "I compliment Mr Neave's work and can be tested, as his has been, in an unusual way. After medical students' dissections have reduced heads of corpses to skulls, the skulls can be built up again (as described) to see how they fit the photographs of the original persons. Richard Neave's test heads have passed with flying colours.

Has his King's Cross head helped? Yes, says Scotland Yard. Some people have suggested that the man was a vagrant who used to sleep in the station. But Mr Neave looks at the head and moses, "Don't you think he is mid-European? Swales perhaps? Or German? ... If so, he never went home."

In this country, and probably in the whole of the EC, Mr Neave's expertise at making heads both ancient and modern is unique. Yet university cuts have recently taken his last assistant and the future of his remarkable way of describing people is in great peril.

It is not expensive to bring people "back to life" in this way. To continue with the heads, funds are needed only for him and an assistant. Nobody else can do it. A grant for a programme of heads would free him from the present bread and butter work of making slides and drawing acetates. Can a generous crauphodie be found?

EVERY ten to twenty years, it seems, a new variety of the influenza virus bursts forth and lays the human population low. Hong Kong 'flu, Asian 'flu, Chinese 'flu, the pandemic all appear to emerge from the East. This is no coincidence; it all springs from oriental farming practices, in particular the combination of pigs, ducks, and people.

Jeremy Cherfas explains how 'flu makes pigs of us all

Snuffles all round the food chain



So how does the mysterious East enter the story? Precisely because of the intensive agriculture of South China. Farmers, especially in Asia, have long sprinkled fresh manure from their animals into fish ponds. The droppings provide food

variety of 'flu may not do the pig any good, it can be positively devastating when it becomes rampant in the people who keep the pigs. Now, however, farmers are being encouraged to raise their pigs, fish and poultry in even more intensive and integrated fashion. In Thailand, for example, hens sit in cages above pigs, which are directly above the fish ponds. The pigs eat the droppings directly for the fish and also fertilise the water so that other fish-food grows more abundantly. Some farmers raise pigs and fish in the same pond. But he says some have all three. Two 'flu viruses, one from a duck and one from a human, would have many opportunities to meet and swap genes inside the pigs, which is surely the reason that so many killer outbreaks of 'flu trace their origin to that part of the world. From the lens and drop their own manure straight into the fish. This is an excellent way of preventing any waste, but also a perfect system for creating new and deadly strains of human influenza.

Fish-farming - the so-called Blue Revolution - is going to be an important source of food in the future. Doing it efficiently, with waste from other animals providing the raw materials, is a good idea. But if these integrated systems are the source of 'flu pandemics they appear to be, it might in future be wiser to keep the pigs and poultry further apart.

Based on Christoph Schlotterbeck and Ernest Naylor (1988) Fish-farming and influenza pandemics, Nature, 331, 215.

What price excellence?

Less than you might think with these superb clarets from the House of Cordier - one of the greatest names in Bordeaux.

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CORDIER - one of the greatest names in Bordeaux

Edmund Penning-Rowell looks at the prospects for the 1987 Bordeaux vintage

A good year for Merlot lovers

THE RESULTS of the latest vintage in Bordeaux excite an international interest aroused by no other. This is not only a matter of the quality or size of the crop, but is bound up with the question of stocks held in growers' and Bordeaux cellars as well as those of merchants through the fine-wine-drinking world, and nowadays whether it is a vintage that trade and private buyers are going to take up en primeur as 'futures'.

It cannot be said that the prospects for the 1987 clarets were ever very encouraging. The spring was poor, the vital vine-flowering late and uneven, the summer indifferent with above-average rainfall in June and July, although a spectacularly hot three weeks in September saved the vintage, as has often happened before. Yet this was followed by an exceptionally wet October, with rainfall double that of 1986 and 70 per cent above the 30-year average.



Wine

included Angudet, Beaumont, Chasse-Spien, Colombar-Monpelet, Grosves and Terroir and Caillox. Of course, there will be many more among the hundreds of growers.

On the right bank, less Cabernet-dominated, the level seemed better. But I tasted many fewer there as I was looking at other vintages in good French wine Canon de Bray; in Lalanda-de-Pomerol Bel Air stood out, while Grandis Ormeaux and Haut-Surgere were attractive. Among St Emillions, de Causse, Couvent de Jacobins, Fumbarage and Le Texere had the concentration one looks for. I sampled hardly any Pomerols.

The dry white 87s are judged to be better than the 86s: crispier, if irregular after the poor spring. I tasted only a few lesser growers, including Doloy Sec, Terroir and the fresh Loudeuse. But on a higher level the Pavillon Blanc of Ch Margaux, with a very oily nose and strong but sweet Sauvignon flavour, was very distinctive. Yet with only 25 tonnes produced, it will not be cheap. The sweet white wines were mostly rained out, though a few optimistic forecasts were heard.

not small, red Bordeaux stocks were at a record level of 2,70m hl, and the weight of unsold wine in growers' cellars must be a factor in prices.

Last year the first-growths initially offered their '86 at around FFR180 a bottle, the seconds at FFR90-75. The more optimistic trade guesses suggest FFR120 for the firsts, FFR60-70 for the more popular seconds, and around FFR45-50 for the lower classes. After that there is a steep drop predicted for the crus bourgeois. To estimate any opening retail sterling prices, ex-chateaux and in bond, a rough calculation is to double the franc-offering rate.

The question for those of us who are accustomed to buy the latest vintage en primeur is whether we should go for these 1987s. Obviously one answer depends on the reserves of older years, particularly of '86s and '85s. Here in Britain the '86s were not all that widely received, but on my recent visit I was generally very impressed with these deep-coloured, concentrated (if tannic and slow-developing) wines. Currently, some very distinguished clarets, including Lafite, Latour, Palmer and Pichon-Lalande, prefer their '86s to the '85s. Both are priority buys over the '87s.

On the other hand a careful selection of the '87s at all levels by British merchants could prove wines for early drinking in four or five years' time. If prices turn out right, this is not a consideration to be ignored. Once, after a light vintage, the well-known negociant de clarets of Lafite, M. Revilla, remarked to his boss, Baron Elie de Rothschild: "We need wines like this in order to wait for others."

Food for Thought



Toast tips

MY WIFE bids me write about toast. I'm not sure she realises that it was part of the seven-page chapter on toast in English Bread and Yeast Cookery which got Elizabeth David into Pseud's Corner in Private Eye. This chapter, which I could just edit down and drop in to this space if Mrs David and the editor would let me, fairly bristles with quotations from Doris Yates, from Punch, from George Eliot and Lord Kilmarnock's memories of the Duke of Wellington. The love of toast seems to be a British institution.

She believes it is really the smell of toast that makes it so enticing and that, like coffee and bacon, toast never quite lives up to the promise of its smell. I used to make toast under the grill. Well, I used to make toast crouching in front of the string-room fire using a brass toasting fork with a model of Cortez Casca built into the handle, which stood permanently propped in the corner of the chimney-breast.

Both methods are in the end unsuitable when the aim is to fill the breakfast toast-rack as briskly as possible, so that it's all hot at once. So we bought a toaster at the discount shop and it turned out to be made in France. This is, I know, as absurd as wearing a Japanese kilt or an Italian bowler hat. I sit at the breakfast table wondering why the coffee doesn't taste as good as it smells, while a thickening plume of grey smoke rises. Suddenly there is a shadowy clang and pieces of "toast," raw or black according to adjustment, leap into view. These are then quickly jammed into my genuine art-nouveau silver-plated toast rack which holds them so firmly (I like my toast fairly thick) that they pull them out all the way outside the table, from which fistfuls of toast crumbs have daily to be swept.

It is a tribute to toast that despite all this, I love the stuff and eat it every day of my life. My eyes remain by the pull of toast there is a shadowy clang and pieces of "toast," raw or black according to adjustment, leap into view. These are then quickly jammed into my genuine art-nouveau silver-plated toast rack which holds them so firmly (I like my toast fairly thick) that they pull them out all the way outside the table, from which fistfuls of toast crumbs have daily to be swept.

When the French or Italians want to make something edible out of rather stale bread they put it in the oven. Sometimes, for some purposes, they French butter it first, which makes a sort of less-usually-sodden "fried bread. And of course there is the cult food of 1983, bruschetta: bits of bread toasted in the oven, rubbed while hot with a clove of garlic and liberally sprinkled with good olive oil.

There is an affinity between toast and wine or beer which goes further than the very word "toast," meaning a celebratory drink, derives from the medieval habit of putting a bit of toast into wine or beer or even water to give it flavour and body, but flavour mostly. When you said of a woman that she was the "toast of the town" you meant that her name gave us much flavour to your swig as would a nice piece of toast.

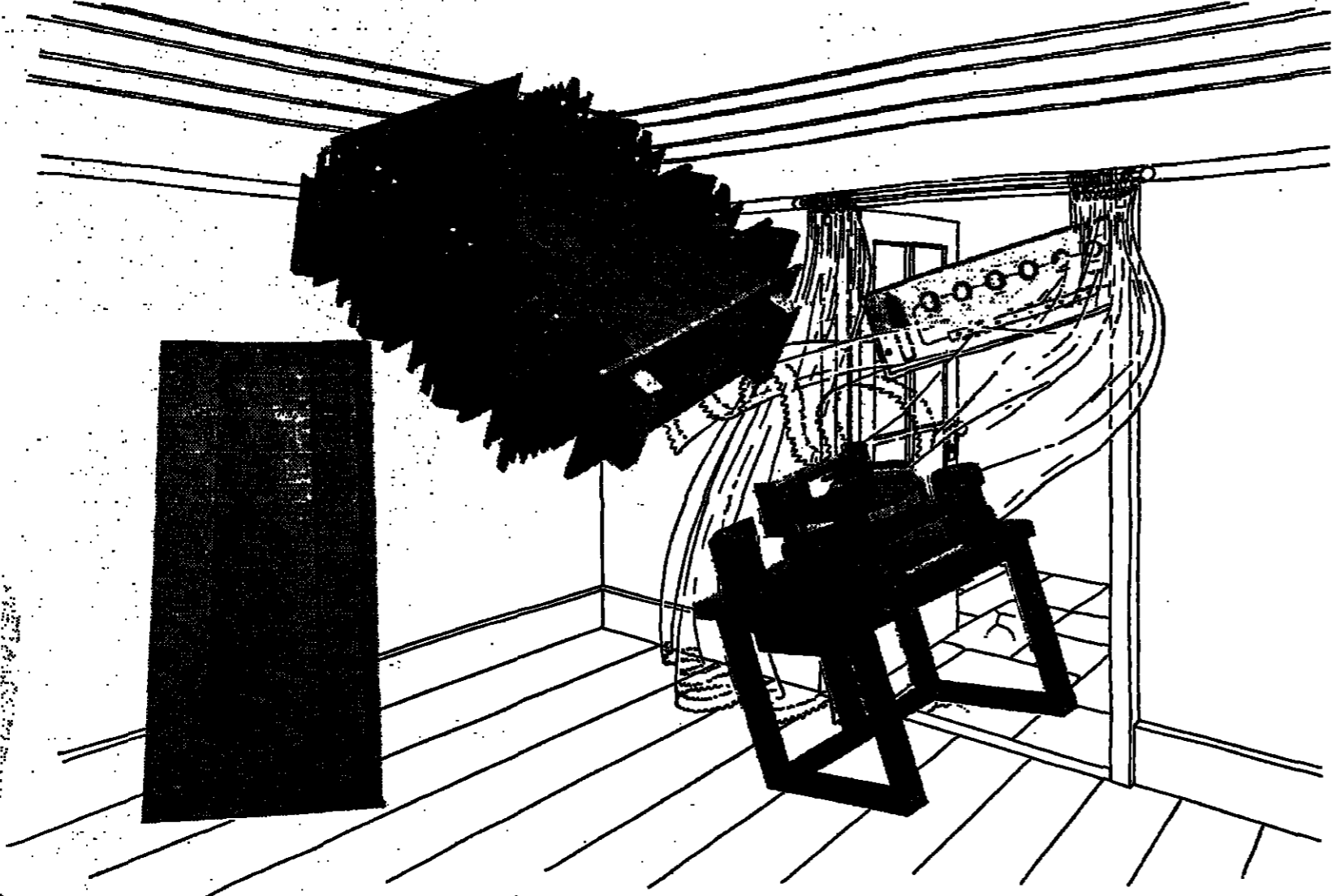
But for me, toast calls for another flavour - butter certainly, and then what? Marmalade and honey will only do at breakfast time and I find jam horribly inappropriate. Gentlemen's Bialish can be very good. I have not yet said anything about the kind of bread to use. All bread is improved by toasting and on the whole, the nicer the bread the nicer the toast. Bruschetta is particularly good, made with Ciabatta. Italian bread baked with a little olive oil in it which Marks and Spencer kindly provides nowadays. It tastes very well. There is one unforgivable thing people do to toast, strictly outlawed in my household. That is, if burnt, to scrape it. This grossly offensive practice should never be permitted.

Peter Fort

FROM GEORGIAN SALTS TO ART DECO BROCCHEES... From all New Zealand Salts are always guaranteed to be pure and fresh... If you have places to sell, please telephone or write to Christchurch Central Warehouse, 11 New Road, Christchurch, W.1. 03-423-0688. (Founded 1930).

DIVERSIONS

Ken Kessler lends an ear to the world of serious music systems - such as a record needle for £2,000



Hi-fi seeks a note of perfection

HIGHLY-PRICED luxury versions of everyday items are almost commonplace today. Redwood is a price-tag, a Porsche 911 sports a £90,000-plus car, or 20 Fiat Unos...

you're after the finest sound money can buy. The British market, probably the toughest, most sophisticated hi-fi arena of all, has been the slowest to embrace the true high-end.

If space is a problem, and the thought of telephone call-box-sized speakers blocking the view of the Matisse just isn't on, you can always opt for the minuscule Wilson WART loudspeaker.

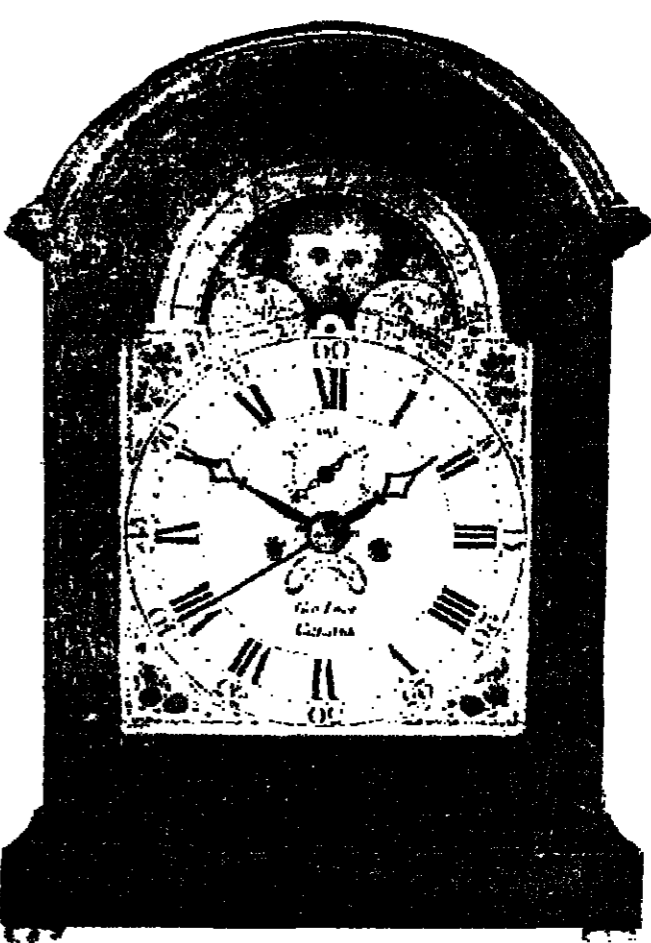


The sound of music... at a price. From left, the Apogee Diva speaker, eight feet tall and £8,000 per pair; the Krell KSA200 power amplifier, price £4,400...

nary offerings, all of which promise to raise your musical enjoyment to near-orgasmic heights.

As for the retailers, they have had to learn how to deal with customers spending five figures rather than three...

At Labs/Audio T, 190 West End Lane, London NW6 1SQ (01 794 7848), Aston Audio Ltd, 4 West Street, Alkbury Edge, Cheshire SK9 7EG (0628 58940), W A Brady & Son, 401 Shaftsbury Road, Liverpool L15 3AJ (051 943 6569)...



A timely idea...



Lucia van der Post is on holiday. Roger Lancelotti is a clock specialist. Observing the vast number of longcase clocks being sold abroad he decided to preserve some of the faces by using them in a series of modern quartz clocks.

Sheila Lewis, whose rug-mending service I mentioned a few weeks ago, has moved. No longer in Whitehall she is now to be found at 20 Bridgetown, Totnes, Devon TQ9

Vigo covers the market. If you have a taste for the gentle beauties of authentic old Ambrosians, Savonneries and Needlework rugs you will know that not only are they thin...

Shelving a problem. I've never yet known, and certainly never lived in, a house in which every book had a home.

Rug trade. Sheelagh Lewis, whose rug-mending service I mentioned a few weeks ago, has moved. No longer in Whitehall she is now to be found at 20 Bridgetown, Totnes, Devon TQ9

Cookery Tastes of yore



OLD-FASHIONED food is a la mode. In France the news is that chefs are competing with each other to produce the sort of substantial and wholesome dishes that the housewife and bistrot can do so well, dishes such as garbure, haricots d'aygnon, choucroute, boeuf bourguignon, pot au feu, choucroute garnie and so on.

year it might be a flaming apple snow, a sharp-and-sweet apple meringue, a comote of rhubarb or a tart rhubarb fool.

Advertisement for 'THE PERPETUAL CALENDAR' by Audemars Piguet, featuring an image of a watch and the text 'La plus prestigieuse des signatures.'



1988 Collection - The Iris Clock. Madame Marie-Claude Lalique has pleasure in inviting you to join her for the launch of her 1988 collection on Saturday 9th April, 1988.

LALIQUE. Saturday 9th April. Harrod's 11.30 am - 1.00 pm. Lalique 3.00 pm onwards.

BOOKS

Richard Johns finds little new information in a recent biography of Sheikh Yamani

A crude carrier of unremarkable facts

YAMANI: THE INSIDE STORY by Jeffrey Robinson. Simon and Schuster. £14.95, 302 pages.

WHEN PRESSED by the author of a racy romp through the life and time of Sheikh Ahmed Zaki Yamani, the oil maestro said that his personal fortune even including real estate "is still less" than \$50m.

Jeffrey Robinson does not explain how he acquired it or what his business interests are. But if the reader wants to know what the former Saudi Minister of Oil eats for breakfast, about his interest in astrology and what the interior of his Tudor mansion in Surrey looks like - then he or she will be well satisfied and informed.

validity as far as its "revelations" are concerned. Robinson says that Yamani granted him several weeks of his attention at different times and at a number of locations. Apparently Yamani asked him not to write about the events leading to his dismissal in October 1986 and clearly refused to discuss the affair or anything about members of the royal family.

Robinson could hardly evade the issue. As it is, this "inside story" adds nothing to what is already known - that King Fahd had always been resentful of him and the monarch's instructions to him to stabilise the price of oil at \$18 per barrel, while also obtaining an increase in Saudi Arabia's quota, was an absurd, logic-defying policy which Yamani could not contemplate implementing.

The author appears to have gleaned some original information about the oil barter deals opposed by Yamani for the purchase of the Boeing 747 and the Tornado aircraft package. The main beneficiaries in terms of fat commissions, he says, were his

favorite son Abdel-Aziz and two brothers-in-law, the uncles of the 15-year-old who is described as "easily the wealthiest high-schooler in the world".

Saudi hyper-sensitivity apart, there does not seem much reason for the concern shown by the ruling hierarchy over this book. But Yamani, though mainly resident elsewhere, would, one assumes, want to preserve his links with the Kingdom.

The passages about the Arab oil embargo of 1973 and the recurring crises within Opec - on which Yamani did collaborate - are sound enough. The same goes for the accounts of the assassination of King Faisal, beside whom Yamani was sitting at the time, and the hijacking of Opec by the arch-terrorist Carlos.

Some of the "revelations" are very much less than plausible, however, and could cause justifiable irritation in Riyadh. For instance, sooner or later everyone has always acknowledged that the succession will become a problem when suitable sons of the arch-terrorist Carlos are eliminated. Even more astonishing is the contention that a Masonic-like organisation known as the Fatah Nejd - a kind of Saudi equivalent to the Italian P2 - exists and worked against Yamani.



A man of infinite charm: Sheikh Yamani

passes to another generation but to say, quoting "Western intelligence sources", that King Fahd and his full brothers - the so-called "Sunday Seven" - have conspired to reserve it for their own branch is not only speculative but also naive.

Even more astonishing is the contention that a Masonic-like organisation known as the Fatah Nejd - a kind of Saudi equivalent to the Italian P2 - exists and worked against Yamani.

Nor is it credible that President Carter sought to use Mr Yassir Arafat as an intermediary, indirectly through the Saudis, to obtain the release of the American diplomatic hostages in Teheran.

Robinson came fresh to the Middle East and it shows.

Colina MacDougall studies a Jesuit's view of modern Chinese politics

Hindsight on Mao

THE COMMUNIST PARTY OF CHINA AND MARXISM 1921-82: A SELF PORTRAIT by Laszlo Ladanyi. C. Hurst and Co. £22.50, 598 pages.

THE PEOPLE'S REPUBLIC OF CHINA: REFLECTIONS ON CHINESE POLITICAL HISTORY SINCE 1949 by Witold Rodzinski. Collins. £17.50, 304 pages.

FATHER LASZLO Ladanyi is a Chinawatcher's Chinawatcher. For years his spare frame in ecclesiastical dress (he is a Jesuit) could be occasionally spotted at Hong Kong's diplomatic parties. His China News Analysis scrutinised almost week by week the policies, feuds and campaigns of China's leaders. Almost no-one else has given the same staid attention to the study of Chinese affairs.

of the post-1949 years but of the party since its foundation. Much still remains unknown about the 1921-49 period, but Fr Ladanyi has drawn interestingly on the scraps of revelations made and discussions held in the more liberal 1960s by party figures. He points out, with some vigour, how few leaders had actually read Marx. China's communism was based more on Stalin, with the uniquely devastating Maoist system of criticism and self-criticism built in to tame dissent.

Fr. Ladanyi has sometimes been criticised for his conspiracy view of Chinese politics but on two outstanding occasions he has been proved right. Long before anyone else, he spotted in the late 1960s that Mao's designated heir Lin Biao (later to die after a failed coup attempt) was manoeuvring to become the Chairman. Then in the middle 1980s he discerned a move by the elderly leader Peng Zhen to build up a position against Deng Xiaoping. This was pool-pooched by more conventional Chinawatchers till early 1987 when Peng and others leaped in to attack the party general secretary Hu Yaobang and his "bourgeois liberalism".

Fr. Ladanyi's style - constant reference to Chinese statements, followed by interpretation - makes for interesting documentation but not for a particularly smooth read. If straightforward

narrative is what you want, Witold Rodzinski's *The People's Republic of China* is the one for you. Rodzinski spent time in China in the 1960s and 1970s as a Polish diplomat, finally during the Cultural Revolution as Polish ambassador. He gives a usefully coherent account of the post-1949 period, especially the Red Guard years, not omitting the cruel treatment of some foreign diplomats in Peking.

Rodzinski is essentially an optimist about the reform trends in today's China. Fr. Ladanyi's book ends in 1985 and he refrains from speculating about the future, but he would probably take a gloomier view. The difference between the two is typified by their accounts of the dismissal in the early 1980s of Mao's heir Hua Guofeng (the man who snatched the premier's job from Deng in 1976).

Rodzinski depicts Hua's sack as a move to heal the wounds of China after the years of chaos and infighting. By contrast, Fr. Ladanyi's sections on the same issue are headed simply *Deng's Revenge* and *Hua Out*. One has to agree at least that throughout the Mao years and well beyond, the personal element in China's politics was intense. How far that will be restrained now by the freer atmosphere and more visible government now developing is still an open question.

This book is a history not just



William and Mary: a contemporary wood engraving

Royal soap opera

1688 REVOLUTION IN THE FAMILY by Henri & Barbara van der Zee. Viking £14.95, 256 pages.

THREE HUNDRED years on from William of Orange's descent upon England and the Glorious Revolution which followed, this lively husband and wife team, the Rome correspondent of *De Telegraaf* and Barbara Grigg, as was the former fashion editor of the *Evening Standard*, tell the story of the Dutch Prince's bloodless coup once again.

If it will be familiar to many readers from earlier accounts by Carswell, Ashley and others, it is certainly familiar to the authors. They published a full-length biography of *William and Mary* in 1973, soon to be reissued by Penguin (April 28, £5.95). However, the events which led to the Dutchman and his English Protestant wife's joint coronation, together with the flight of James II to Paris to become a pensioner of Louis XIV, were so extraordinary and so crucial to the establishment of Parliament they certainly bear re-telling in this readable form.

The year 1688 saw a historical drama of the first order, presaging a significant shift of constitutional power and, incidentally, setting the cause of Catholic emancipation back for more than a century; but it was also a human drama in that all the chief royal players were closely related to each other by blood or marriage. James was eminently reminded of Shakespeare's Richard II as he heard the news that his son-in-law had landed at the head of an invading army at Torbay. And it is as a "revolution in the family" that the authors see their material, a family torn apart by the rift in Christendom between Catholic and Protestant, and by the struggle for hegemony in 17th century Europe between France, the Netherlands and England. In spite of their own Dutch affiliations the van der Zees adopt a strictly neutral stance, managing to generate considerable sympathy for James II in his rigidly devout attitudes, lack of adequate intelligence and reconnaissance, and appalling sense of timing. They reveal too the extreme reluctance with which William first approached the notion of an invasion, but the

finesse with which he played his cards once he was committed. The royal women emerge as even more completely shaped in the tragic mould than their menfolk. Mary seems like some heroine out of Corneille, torn between loyalty to the King her father and the Prince her husband; her chilling sister Anne, future Queen of England, was in almost as impossible a quandary. On the domestic front, the pregnancy of Mary Beatrice, James's queen, who as the crisis intensified gave birth to the hapless infant James, doomed to spend his life in exile as the Old Pretender, offers moments of black comedy. He did not escape calamity from his first birth-cry: there were allegations he was a substitute child, a baby smuggled into the queen's bed-chamber in a warming-pan to provide a Catholic heir to the throne.

Indeed the events described in this entertaining book, events both sublime and ridiculous, have so many of the ingredients of a royal soap that it surely cannot be long before it is translated to television.

Anthony Curtis

Paradise lost for Persia

THE BLINDFOLD HORSE: Memories of a Persian Childhood by Shusha Guppy. Heinemann. £10.95, 246 pages.

THIS IS not a book for those who put politics first in an understanding of a country. Although modern Iran Guppy's childhood, she is almost entirely concerned with the traditional ways of ancient Persia which were still adhered to in her conventional and religious household. Her book is a romantic homage to a way of life that was already passing when she herself left as a teenager for Paris and the western world, and that 20 years later, was totally swept away by the revolution in 1979. It is a moving and poetic tribute.

Abandoning division by chapter, Shusha Guppy separates her book into stories; sections, some short, some long, with fairy tale headings, like *Prince Asfar* or *The Blind Midwife*.

Ms Guppy can be accused of wearing rose-coloured spectacles but not of failing as a storyteller. Aroos is, in fact, an attendant at the *hamman*, the public baths, which played a religious part in her life since ritual washing was still being practised by her mother, but also was a social centre. Aroos's story relates to her role of bride-finder - she was in the right place and had the aptitude to spot a modest young virgin.

Weddings, always arranged, although in later days the bride was allowed a prior peek at the groom play a big part in the book - as do all ceremonies. Ms Guppy describes the formalities expected of a leading family, the visiting, the charitable donations, and the weight of glorious food.

Some families actually preferred to leave Teheran during Norooz, the Persian New Year on March 21, which lasted for 13

days and which demanded such elaborate ceremonies (including gathering seven ingredients beginning with "s") that it was almost impossible to perform them satisfactorily.

Religion infiltrates every page of the book. Shusha Guppy's father, a leading professor of philosophy, was also a holy man, a Sufi, given special dispensation by the Shah to wear long robes, after he had forbidden such costumes. He had the responsibility to advise and assist anyone who called on him.

Ms Guppy's school memories include her disappointment that she was never allowed to sing or perform in public - for religious reasons. She also tells of her surprise when a neighbour acquired a dog as a pet since they were considered *najis*, impure, in Islam. During Ramadan she was pulled out of bed every morning before dawn to share the adults' early meal.

Perhaps the most evocative of the pictures drawn by Ms Guppy is of their annual retreat to the mountains for the two hot months of the year. The family went by bus, loaded with a huge tent which they pitched beside a stream under shady trees. They were joined by many friends - the Persian word for love means to be a friend. The peasants around them were friendly too, the village was extraordinarily beautiful, and to a child's eye, life was as near *paradise* - a Persian word meaning the Lord's enclosure - as possible on earth.

This is the dream childhood Shusha Guppy has recreated in *The Blindfold Horse: Memories of a Persian Childhood*, and like the exquisite glazed blue pottery whose passing she mourns, such a childhood is worth recording and preserving.

Let other writers seek the romance which produced the twin evils of oil-lust and religious intolerance.

Rachel Billington

Nigel Andrews looks at the latest crop of books about the movie industry

L'Empereur, c'est Moi

Bertolucci By Bertolucci edited by Enzo Ungari with Donald Ranvaud. Plexus, £15.00, 301 pages.

The Film Factory edited by Richard Taylor and Ian Christie. Routledge and Kegan Paul, £35.00, 447 pages. Eisenstein: Writings 1922-1984 edited by Richard Taylor. BFI £19.00, 327 pages. Hollywood Goes To War by Clayton R. Koppes and Gregory D. Black. I.B.Tauris, £17.50, 383 pages.

BERNARDO BERTOLUCCI looks set to be the flavour of the year. *The Last Emperor* continues on its imperial progress towards Oscar night, flanked by adoring critics and a public which has so far handed out \$40 m. at the box office.

Yet *Bertolucci By Bertolucci*, one of those interview books in which the director sits back and answers the questions he would most like to be asked, leaves, like the film, a funny aftertaste. It is lively, perceptive, and provocative. It goes on for 300 lavishly illustrated pages. And it bursts with swashbuckling quotes:

"For me, the cinema is really a matter of life and death"; "Scripts are like fetters to be attacked from all sides by the cast and crew".

Yet the book's none-too-hidden agenda is unalloyed self-promo-

tion. Like *The Last Emperor*, this journey through a man's life and work is full of convenient ellipses and evasions. (The harsher criticisms of his arguably worst film *1900* are scarcely tackled at all). And it ends on a note of near-Messianic portentousness. "Bernardo, have you changed? Have you really changed?" trills the interviewer. To which Signor B. quotes Lampedusa, talks about the universe a bit and finally declares with lofty wryness that - yes, perhaps, "L'Empereur, c'est Moi".

One of the great uninvolved problems of culture is what should be the rapport between the individual artist and the collective ideology of the society in which he lives. In cinema history this problem's locus classicus is post-revolutionary Russia. Were Eisenstein, Pudovkin and company hampered or liberated by the mandate to make films in line with Communist propaganda?

The *Film Factory: Russian and Soviet Cinema in Documents 1896-1939* is a fascinating contribution to the debate. Here are the recorded notes, letters, speeches and essays of Eisenstein, Pudovkin and Co. themselves; plus those of Lenin, Trotsky, Stalin and other top politicians bent on ensuring that cinema, however

drunk it became with inventive modernism, could always walk the straight line of Communist rectitude.

The book itself also walks a straight line from the humane-sounding Marxist dictates of Lenin - that art "should unite the feeling, thought and will of the masses and elevate them" - to the harsher utterances of Stalin, who said much the same thing but sounded as if he was saying it with tanks for the memory. "The hands of Soviet power cinema constitutes an enormous and invaluable force".

Editors Ian Christie and Richard Taylor have chosen the documents brilliantly. But I would have to ask for several pinches of salt, please, if I were to swallow their prefatorial line that late-1930s Soviet cinema under Stalin is underrated creatively and was scarcely more censorship-ridden than the golden 1920s. Such critical reevaluation, unsupported by much evidence, starts with small sinistery of re-stalination.

Further delvings into art-propaganda are available in Richard Taylor's useful companion anthology, *Eisenstein: Writings 1922-1934*. And further delvings still are found in *Hollywood Goes To War*. Here American authors Clayton R. Koppes and Gregory

stomus over anti-Naziism in films like *Confessions of a Nazi Spy* (1939) to later war-effort finger-wagging over, say, the noise of screaming tyres in *Freston Sturge's* comedy *The Miracle Of Morgan's Creek*. (It encouraged rubber waste).

The book's writing is irritatingly stentorian at times, as if called from old March of Time newscasts: "Hollywood - the very name was a symbol, a term of art." But it is well worth suffering through the bull-horn style for the frequently bull's-eye content.

The big race

A RACE APART: THE HISTORY OF THE GRAND NATIONAL by Reg Green. Hodder & Stoughton/New English Library. £16.95, 383 pages.

IF YOU wish to dip into the history of today's Grand National steeplechase at Aintree, you have just got time to nip out for Reg Green's affectionate tribute to a race that still grips the imagination in a way that transcends the world of sport as few events, anywhere, are able to.

This is a year-by-year summary of the great race: comprehensive, well produced, fully illustrated

and reeking of nostalgia. It is also stuffed with winners, which is more than you will be able to say of the delirious queues at betting shops today.

And the author knows of what he writes. He first saw the National as a small boy. Since then he has compiled a huge archive of press, audio and video material on the race - he lives three miles from Aintree, race-course - and claims to be the world's "foremost authority" on the National and all its happenings.

Michael Thompson-Noel

A Bolton boyhood

SAINTLY BILLY by Bill Naughton. Oxford, £12.95, 219 pages.

BILLY (now Bill, but Willie or even William in his day) Naughton is 10 when this book begins, in about 1920, and has not left school when it ends, so is presumably under 14. His family came from Ireland in 1914 and settled in Bolton, where his father was a miner.

They were Roman Catholics, and I take it that St. Peter and Paul's School, which Billy attended, was a Roman Catholic school. There may have been Catholics among his friends at the street-corner where public life was so widely and enjoyably lived, but no-one's beliefs are mentioned apart from Billy's and his family's, and Billy was the only one of them to have taken his religion in any way seriously. Seriously is perhaps not the right word. Admittedly, yes; he was determined to be a saint, and spent a lot of time, even spare

time, in church. His relationship with God seems to have been like friendship with a favourite uncle.

What is so pleasant is that his religious concerns never appear to outweigh what seems to have been a perfectly natural boy's life. Billy's saintliness is not the main subject of the book, which is a sharp and friendly picture of life in Bolton in the 1920s.

The family were poor. Billy would have his shirt hanging through the seat of his pants as he left for school. When he had a medical check-up, there were flea-bites on his body.

But there is no mourning about poverty. It was a way of life, common to most of the neighbours, and still there seemed to be copper and even sixpences for the kids. There is a grim portrait of James, who sat next to Billy at school - holes in his cheap jersey and pants, his neck a mass of fleas, ringworm, a strong body-odour, "a stench which no boy from a bug-infested home could hope to escape." Billy grew to like him, just as he grew to

like his successor, Sylvan, with a clean shirt every day, hand-knitted socks, a whiff of Pear's Soap and Gibbs' Dentifrice.

Games seemed to have played only a small part in his life. He liked to watch the older boys gambling, he played marbles, he played "nags", but there was no football except with tin cans in the street.

We hear something about the adults as well as Billy's contemporaries - his difficult father, his affectionate mother, his melancholy Uncle Willie who cut his throat. Their feelings are described as they would appear to a boy, but by a boy of unusual perceptiveness, the future author of *Alfie*. He knew his Shakespeare, and in spite of being tone-deaf he enjoyed serious music; yet we are not told how such knowledge was acquired. There must have been some influence besides his friendship with God that shaped his vivid and sympathetic writing.

B.A. Young



Michael Caine in the film of Bill Naughton's 'Alfie' (1966)

Fiction

Sicilian vespers

THE COUNCIL OF EGYPT by Leonardo Sciascia translated from the Italian by Adrienne Foulke. Carcanet, £10.95, 212 pages.

SICILY IS such an unknown quantity to most of us that even Italian buffs may have little idea of its strange genetic mixture - Greek, Arabic, Norman, Spanish, mainland Italian - and equally strange divisions of power between Mafia, Church, old nobles and new money. It demands too big a leap of the cultural imagination. If anyone can give outsiders an idea of its multi-layered life and mysteries, its physical beauty and metaphysical despair, it is Leonardo Sciascia, whose brevity and brilliance across the past two decades have, in good translations, drawn many English readers into some sort of gingerly participation in it.

This he has done without concessions to ignorance or difficulties of understanding, genetic or cultural: he explains nothing, writes with the utmost economy, takes an often snapshot view of events, and is so elliptical that one may barely have time or sharpness to register what is up. It is so deeply embedded in seriousness that the unwary may miss it; description so vivid that the effect is instantaneous, sometimes lurid, dreamlike.

The book's power is cumulative: Sicily seen as unique, eccen-

tric, unimaginable, and at the same time as a recognisable reflection of the human condition, a sink of corruption, horror and pain, yet also of loyalty, grief, friendship.

The Council of Egypt shows Sciascia at the very top of his form. First published in 1963, it appeared in English in 1966 and is now re-printed by Carcanet, with a number of other books of his, wearing striking new covers and jackets. Sciascia's work is all of a piece though not much of a muchness - it varies in time and genre, so that one may forget there are essays and short stories and novellas, novels classified as thrillers, and a full-length study of Moro's murder. However, *The Council of Egypt* is a novel, set in late 18th century Palermo and dealing with the perennial (and modern) problems of Sicilian life - its eternal hopelessness, the weary ineffectiveness of those who battle to improve things, the underlying violence, the surface frivolity of fireworks, adultery and cards.

The French Revolution, hatched, then exploding, gives hope of a feverish sort even somewhere as remote as Palermo, where a fat Maltese prelate spends a decade forging an Arabic codex, "The Council of Egypt," which will set the cat among the aristocratic pigeons, who therefore sweeten his days with presents and honours; and where a young lawyer, Di Blasi, so briefly introduced it seems

strange we should come to love him, is caught fomenting reform (considered revolution) hideously tortured, and executed at last.

Viceroys come and go, some liberal, some hardliner; books are burned, infidelity flourishes, Sir John Acton sends his archives from Naples; we meet vernal clerics, Boncher-like ladies, a humble Maltese monk fetched from another island for his skill in forgery, a tragic mother who guesses her son's fate; we are shown the techniques of faking documents and the more terrible ones of destroying a living man's feet.

All this in a style swift, racy, often amusing, even "witty" in its harsh irony, and a story as full of clues, mysteries and tensions as any of Sciascia's more obviously thriller-like tales squarely set in the centre of Sicily's tragic, ludicrous life today.

For life there today reaps the harvest of this earlier viciousness and insipidity. Violence, crime, murder, poverty still flourish, no longer officially sanctioned or part of the legal system, it is true, but powerful none the less; mystery still enfolds the island's life, however many foreigners may fly in. No one has unravelled or revealed it as Sciascia has in his tales, at once dark in content and dazzling in form.

Isabel Quigly

ARTS

The noble grace of Leningrad's living theatre

As the last relics of the winter snows melt in the corners of the parks and gardens, and the ice on the Neva breaks up, Leningrad emerges into the spring and a brilliant sunny day catches the gold on the domes on St Isaac's cathedral and the spire of the Admiralty building...

Four performances of Easter-time revealed the company to be in superlative form. In Giselle and La Bayadere I saw senior members of the troupe; in Don Quixote and Swan Lake certain of the youngest aspirants were making debuts...

ing grace quite as much as by her transcendental way with the choreography. The full-length Bayadere is one of the Kirov's ancestral treasures, a production somewhat edited from Petipa's original...

through his variations, and looking commandingly a warrior. And, in the classical complexities of the second act's Grand Pas, in the various exotic ensembles, the Kirov mastery of style everywhere shone.



The Kirov ballet company: a formal aristocracy that is a mirror of the city's proportions

Clement Crisp visits the Soviet home of the Kirov ballet company to find a city and its dancers in perfect harmony

nationally powerful than when I last saw her dance the role 18 years ago, and her command of technical nuance in the subtleties of the dance d'écôle is still grandly secure.

The Shades finally appear, are masterpieces of operatic realism, and very beautiful. They contain, and inspire, a company interpretation which respects the conventions of the old ballet and makes them live.

In the joyous nonsense of Don Quixote there was much to hope for from Eleanor Tarasova and Igor Petrov, who sparked joyfully as Kitri and Basil. The staging, with traditional and handsome designs by Golovin and Kozlov which date from 1902, reflects - not surprisingly - the aristocracy of manner which is the heart of the company style.

Radio A dream meant for hearing

It would be hypocritical to pretend that I admired The Dream. Radio One's commemoration of the 20th anniversary of Martin Luther King's death. But I am always glad to find something on that channel which requires listening as well as hearing.

The programme was based on King's 'I have a dream' speech, calling for mutual understanding between black and white - not exactly the theme of Mr Wakefield's 'Rage in the ghetto' lyric, nor what Michael's was driving at when he prophesied, 'You're gonna have a racial explosion.'

Two selections from the holiday abundance of drama. A. Young

Collections of a Grand Tourist

Thomas Coke, later first Earl of Leicester, was a Grand Tourist of great application, though he started young, leaving in 1712, aged 16, he was away for six years...



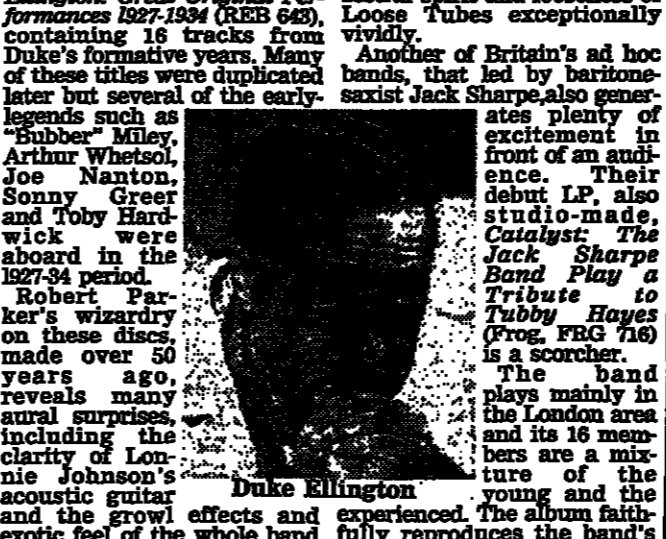
"A girl and a child with a bucket" by Guercino

among far greater names, that of Claude is represented by a spectacular clutch, both in quality and variety - the one that attracted me was an unusual study, showing a woman in a red dress and a young woman, figures for a group of dancers.

Records/Kevin Henriques Duke blows away the vinyl cobwebs

My colleague B. A. Young has written previously on this page about the impact on Duke Ellington of the new recording techniques of Australian sound engineer Robert Parker...

Compilation albums of Duke Ellington, whose early work is surveyed in Duke Ellington: Great Original Performances 1927-1934 (RSD 642), containing 16 tracks from Duke's formative years.



Duke Ellington

The melancholy of 'Sultans' is surely one of the most poignant melodies ever written, can be fully appreciated: the muted trumpet, the reeds and trombones blending to produce a truly heart-rending sound.

scholar not know the difference between a magpie and a jay? The 'preparer' for 1988 of Popham's entries has been Christopher Lloyd, who has handled the 'post-Popham' with tact, knowledge and discretion...

who communicated his love of the score to orchestra and chorus alike. The cast was strong, David Johnston, taking on the title role at short notice, sang not only with his accustomed musicianship and sensitivity, but supplied much healthy, heroic tone at the top as well.

Passion a-plenty from a red-blooded Nelson

by a British opera composer. The characteristically long, indeed endless melodies, punctuated with succulent modulations, have a hint in them of Prokofiev at his most yearning, and there is a wealth of heavy nautical music, including what sounds like a missing fifth Sea Interlude from Peter Grimes (but the boat is on the other side with a cat in the second act that plainly anticipates the lovers' awakening in Britten's Dream).

Chess Solution No. 718 1 QxN? fails to B-R1; 2 B-Q5 ch, QxN when if 3 NxQ, RxQ ch or 3 QxR, QxR ch. White played 1 B-Q5 ch! K-R1 (if N-B2; 2 P-N6, PxP; 3 R-B3 ch, KxR; 4 BxN); 2 QxN, B-Q3; 3 N-N6 ch, PxN; 4 E-R8 mate.

Tilson's triumph

With the arrival of Michael Tilson Thomas as Principal Conductor of the London Symphony Orchestra now imminent, there is increasing eagerness to see what repertoire he will choose to put before us. The known catholicity of his musical tastes is one excellent reason to welcome him here with enthusiasm, though whether he is as keen to join us after the insensitive barrage of coughing that persisted through this concert is another question.

His programmes at the Barbican Hall on Thursday night, while fairly standard, embraced both German and French romantic styles. To watch Tilson Thomas in action, with his sharp and decisive baton technique, is to get a good idea of the kind of performances he is after. All the music he conducts is heard with a keen inner ear, sifting dense or complicated textures to bring clarity of sound, and especially of rhythmic impulse, to the fore.

PREVIEWS FROM MONDAY - OPENS APRIL 19 AT 7.00pm

Advertisement for 'JOURNEY'S END' by RICHARD FAIRMAN, featuring a list of preview dates and times at Whitehall Theatre.

Advertisement for 'Art Galleries' featuring 'ALLANS' GALLERY' and 'DOBSON ROAD'.

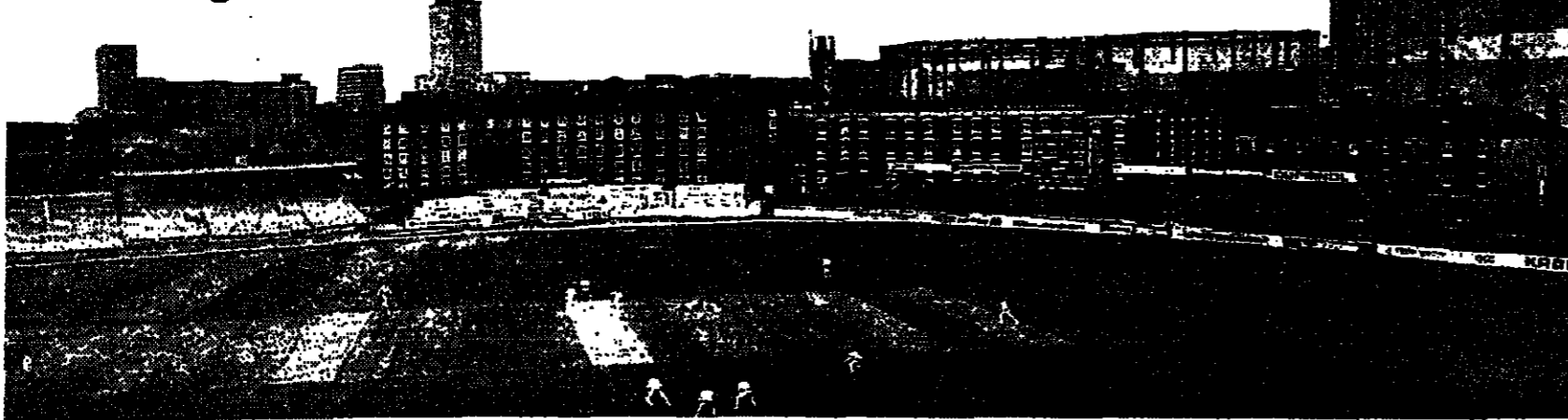
Nelson is full of good music and central to its period. Why then, has it remained unperformed since its original production at Sadler's Wells in 1954? The answer lies, I fear, in Alan Pryor-

Rodney Milnes

WEEKEND FT

SPORT

Continuing setbacks lead to 'creeping paralysis' in efforts to fend off the unthinkable



Sponsorship may be needed to save a cricketers' shrine

A googly for The Oval

THE Grand Met Oval. It lacks a certain ring, doesn't it? So does Shanghai International Bank Oval. And as for Mercantile Credit Oval...

from members and the Sports Council. "The DoE said that though they couldn't promise a grant, if we provided sources of finance ourselves and could then prove that we were short of our target...

33.3 million licks of paint. With that deadline, the enthusiasts are fast losing faith. "Though yet to be confirmed, the costs are understood to have climbed by 12.5 per cent in 12 months, from £4.3m to £4.9m.

Ground if you like," suggests Subba Row. "The People's Ground has trodden a skiddy path since Montpelier (later Surrey) Cricket Club took the lease of a 10-acre Kennington market garden in 1844...

"We appealed to the members for the money and in return we got on with developing the commercial side. Since then, 17 successive annual surpluses have been ploughed back into modernisation schemes.

Where next? For all the placatory surface noise, Subba Row acknowledges that even if the Department performed a U-turn, any state contribution would be minimal.

At the turn of the 70s its playing staff had been pared right back, membership subs were lower than almost anywhere in the country and £15,000 was needed to ensure short-term survival.

"In the end, tradition swayed our choice," remembers Subba Row.

Football/Philip Coggan



Victory may yet surprise

THIS SEASON more than ever, the FA Cup is the main focus of excitement in English club football. The League has been holding all season for Arsenal.

But as the FA Cup reaches its semi-final stage today, there are still plenty of intriguing questions. Can Liverpool win their second double in three seasons?

The eccentricities of the draw have prevented the possibility of a final between the best two teams remaining, Liverpool and Nottingham Forest.

Forest's manager Brian Clough is a gift to a sports writer. His comments are a constant source of amusement.

In Forest's earlier incarnations, Mr Clough was able to conjure marvellous performances from some footballers who had been discarded by managers as too old, and from others who had previously been played out of position.

Liverpool's domination of the League has been remarkable. But it was surprising how few people thought Forest had a chance when the two clubs met last week.

new dimension to the club's play. The best way for Liverpool to defeat Forest is to overwhelm them by all-out attack. Even Tottenham, currently playing like a band of zombies on Valium, might have scored four of five goals against the shakier Forest.

In the other tie, it seems as if Luton, having passed the week before, have passed their peak. A series of losses followed the club's surprising defeat by lowly Reading in the Simod Cup, and culminated in a 4-0 rout by Newcastle last Saturday.

Much will depend on how many of Wimbledon's walking wounded are fit for today's game but the South London team's robust style has confounded those (including me) who felt that the departure of manager Dave Bassett would halt a long run of success.

It is a tremendous shame that a club which would naturally attract the sympathies of neutral supporters has such a poor disciplinary record. Both Liverpool and Forest illustrate that it is possible to gain success by kicking the ball rather than opponents.

Nevertheless, a Wimbledon-Liverpool final would be a fitting finale for the season. It would pit the eternal underdogs against the eternal champions; London versus Merseyside; the exponents against the complete professionals; the long-ball specialists versus the smooth-running soccer machine.

Bookmakers would make Liverpool extremely firm favourites in a final against Wimbledon. But I have a strange feeling that the South London club, with its fighting spirit, has the best chance of preventing another Dalglish double.

FT CROSSWORD No.6,601

SET BY GRIFFIN

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday April 20, marked Crossword 6,601 on the envelope, to the Financial Times, 10 Cannon Street, London EC4A 3DF. Solution on Saturday April 23.

Crossword puzzle grid with numbers 1-27 and letters A-Z.

ACROSS 1 Skilled craftsman detailed to give address (6)

20 Said thanks to Lawrence in South Dakota (6)

Solution to Puzzle No.6,600

Grid for puzzle solution with words like CRACKERS, SWATHE, EVENING, etc.

Solution and Winners of Puzzle No. 6,591

Grid for puzzle solution with words like CRACKERS, SWATHE, EVENING, etc.

M. H. Miller, Cranfield, Bedford; Miss E. L. Wilby, Twycroft, Northants; Mrs T. Jhabvala, Verulam, Geneva; I. M. Keat, London N1; Mr J. N. Overill, Cheltenham, Gloucestershire.

SATURDAY

Indicates programme in black and white.

BBC1 6.55 am Saturday Start. 8.15 am Today's News. 9.15 am Today's News. 10.15 am Today's News. 11.15 am Today's News.

LONDON 6.55 am Today's News. 8.15 am Today's News. 9.15 am Today's News. 10.15 am Today's News.

SUNDAY

Indicates programme in black and white.

BBC1 8.55 am Play School. 9.15 am Today's News. 10.15 am Today's News. 11.15 am Today's News.

TELEVISION AND RADIO

Indicates programme in black and white.

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